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Sweeping moves to halt dollar decline

By David Buchan in Washington and Stewart Fleming in New York

IN A DRAMATIC bid to halt the decline of the dollar the U.S. announced yesterday the most sweeping package of support measures since President Richard Nixon cut the link between the dollar and gold in 1971 and cleared the way for the break-up of the Bretton Woods monetary system.

The announcement follows a persistent build-up of pressure against the dollar in the past week, and marks an abrupt end to the Carter Administration's effort to support the currency through a step-by-step approach.

The measures, based on a strict tightening of domestic credit and the promise of co-ordinated international action by the Central Banks of the main industrial countries, had an immediate effect on the foreign exchanges, where the dollar rose against all currencies within minutes of the announcement.

The package was widely welcomed by, among others, the West German and Swiss central banks, the British and Japanese Governments, economists, and investors on Wall Street.

Share prices surged along with bond prices in spite of the clear threat of higher short-term interest rates in the measures.

Announcing the move to defend the sagging U.S. currency, which includes mobilisation of up to $30bn in foreign currencies to intervene on foreign exchange markets, President Jimmy Carter said the package was "a major step" in the anti-inflation programme, which he announced last week.

It was the dismal view that both the foreign exchange and domestic stock market took of Mr. Carter's anti-inflation measures that led the Administration, late last week, to start secret round-the-clock negotiations with the International Monetary Fund and foreign Central Banks to shore up the dollar.

Mr. Michael Blumenthal, the U.S. Treasury Secretary, who presented the details of the package, said that the U.S. would now "intervene in a forceful and co-ordinated manner" on the foreign exchange markets, in co-operation with the West German, Swiss and Japanese central banks, to correct what he called the "excessive recent decline in the dollar."

The moves include a drawing of $3bn in Deutschemarks and Japanese yen from the U.S. reserve position at the International Monetary Fund; a $2bn sale of Special Drawing Rights; doubling of the amount of gold that the U.S. has been selling each month, and the issue of up to $10bn in foreign currency-denominated U.S. securities abroad.

The package also included raising of the discount rate by a full percentage point to 9.5 per cent, and increasing by some $3bn the reserves which member-banks of the Fed are obliged to place with the Central Bank.

Both Mr. Blumenthal and Mr. Anthony Solomon, Under Secretary for Monetary Affairs, discounted fears that the sweeping moves to tighten domestic credit might push the U.S. into an economic recession.

The Fed's actions have the clear blessing of the Carter Administration, which has until recently criticised its efforts to fight inflation by ever higher interest rates. All yesterday's measures were announced in an unusual joint statement by Mr. Blumenthal and Mr. William Miller, the Fed chairman.

The package comes only five days before the November 7 Congressional elections, and it is possible the interest rate moves may damage the Democrats' prospects. It brought swift condemnation from Mr. George Meany, the president of the AFL-CIO trade union federation, who called the increase in the cost of borrowing "ill-conceived and shocking."

The Fed reinforced the symbolic significance of the discount-rate increase by indicating that it was raising its target rate of Federal funds from about 9½ per cent to at least 9¾ per cent.

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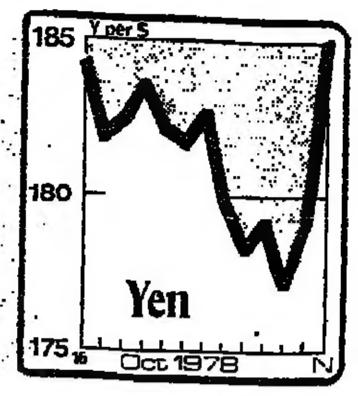

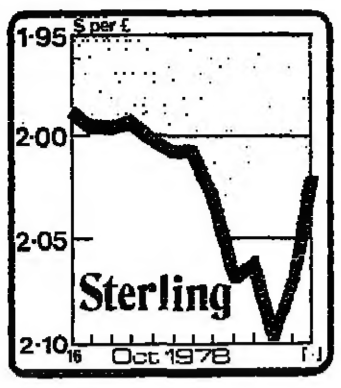

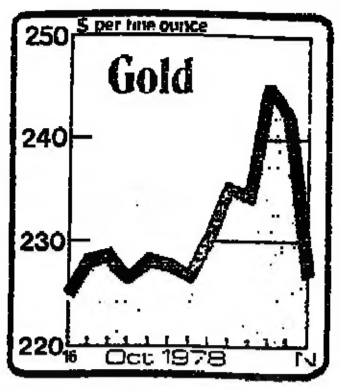

MAIN ELEMENTS OF THE PACKAGE

The main elements of the support package for the dollar announced yesterday were:

- The Federal Reserve Board has increased the discount rate from 8½ per cent to 9½ per cent immediately.
- The Federal Reserve has announced 2 per cent supplementary reserve requirements for commercial banks on deposits of $100,000 or more.
- The currency swaps with central banks of Germany, Japan and Switzerland are increased from a ceiling of $7.6bn to $15bn.
- U.S. Treasury gold sales increased from 750,000 oz to 1.5m oz a month from December.
- U.S. to draw $3.0bn from its entitlement at the International Monetary Fund.
- U.S. to sell $2bn of its Special Drawing Rights allocation from the IMF.
- U.S. Treasury may issue up to $10bn of foreign currency denominated bonds.

WALL ST. RALLIES RECORD 35

THE DOLLAR jumped sharply yesterday in hectic and confused trading on foreign exchange markets after the announcement of the measures.

The U.S. action was generally welcomed by Governments and markets. The impact was felt on Eurodollar, commodity and stock markets throughout the world. Wall Street soared a record 35.34 points to 827.79.

DOLLAR REBOUNDS

The dollar recouped much of its sharp falls against the stronger European currencies of the last three weeks. It rose in London by 5.7 per cent against the Deutsche Mark to DM 1.8550, after touching a peak of DM 1.8700, and by 5.8 per cent against the Swiss franc to SwFr 1.5850. The U.S. currency also appreciated by 3.3 per cent against the Japanese yen and by 3.2 per cent against the Italian lira. The upward trend continued strongly in New York.

Sterling came under pressure in response and dipped below $2.00 at one stage before rallying, possibly after some official support, to close at $2.02. The New York close was $1.9750 — a drop of more than 9 cents from the London opening. The trade-weighted index fell by 0.8 to 62.3.

to close at $2.02. This represents a drop of 5½ cents, or 2.5 per cent on the day. The trade-weighted index fell by 0.8 to 62.3.

GOLD DROPS $15

The U.S. action had an immediate and dramatic impact on the London bullion market where, in active trading, the price per ounce fell from a high of $239½ to a low of around $220. The metal closed $15½ down on the day at $227.

STOCK MARKETS RISE

Equity prices jumped sharply on Wall Street. The Dow Jones index rose by 35.34 points to 827.79, reversing Tuesday's sharp decline. Volume was described as heavy, with rises topping declines by six to one.

In London, too, equities rallied. The FT 30-share index, which had been 8 points down at 2 pm, ended the day 0.3 higher at 479.2. Biggest gains were in stocks whose prices had been weak because of fears about squeezed profit margins as a result of the previous rise in sterling. The FT Gold Mines index responded to the fall in the price of bullion with a 12.3 decline to 131.1.

Prices of gilt-edged stocks were depressed by speculation about a rise in UK short-term interest rates and by current pay disputes. The FT Government Securities index fell 0.51 to a low for the year of 68.77.

COMMODITIES CONFUSED

London commodity markets were thrown into confusion. An initial rise in prices was, in many cases, eroded in later trading. this uncertainty affected particularly the metal markets, where the sterling price of free market platinum rose by £3.50 an ounce to a new peak of £187.90, while the dollar quotation fell by $11.50 to $373.

In copper, the rise was limited by the presence of a big seller, and sharp fluctuations in the New York market were largely ignored. Cash wirebars closed £10.50 up at £750.50 a tonne. The prices of tin and cash lead rose strongly.

EURODOLLAR INTEREST

The U.S. measures led to an immediate scramble on Eurodollar markets in confused conditions to cover recent significant short positions. Substantial institutional buying interest was reported and prices of U.S. and Canadian bonds rose by a full two points. Six-month Eurodollar rates rose from 11 per cent on Tuesday to close at 11½ per cent last night.

NEWS SUMMARY

GENERAL

Deadlock at Arab meeting

Arab Foreign Ministers meeting in Baghdad are still divided as to whether punitive measures should be taken against Egypt for its role in the Camp David peace accords.

Hardline states want to isolate Egypt economically and politically but they are meeting tough opposition from the oil producing states. Page 6

Star launched

Express Newspapers launched the Daily Star last night following agreement with the National Graphical Association over manning levels. Page 13; Times battle, Page 20

'Riot' committal

Douglas McCombe, assistant governor of Hull jail at the time of the 1976 riot, was sent for trial charged with wilful neglect of duty.

Beirut killing

The leader of the self-styled Lebanese Revolutionary Army, Captain Samir Al-Ashqar, was killed in a gun battle with the regular Army in Beirut.

Phones record

Telephone users in the UK made a record 1.2bn trunk calls between April and August, up 12.7 per cent on the same period last year.

Inquiry call

Scientists at a seminar in London called for a public inquiry into the question of laboratory experiments on live animals.

'Life' for boy

A 14-year-old boy who killed his great aunt by stabbing her 70 times was ordered at Bristol to be detained for life.

Soccer success

In the major European soccer matches, Nottingham Forest, Ipswich, Arsenal, West Bromwich, Manchester City and Glasgow Rangers all reached the next round, but Everton went out.

BUSINESS

Overdrafts may cost more

- WALL STREET up 35.34 to 827.79.
- FT 30-SHARE 0.3 up at 479.2.
- STERLING 5½c down to $2.02.
- GOLD $15½ down at $227.
- GILTS 0.51 down at 68.77.
- CLEARING banks are considering an increase in the cost of overdrafts following a further rise in the general level of London short-term market interest rates. The banks are expected to wait for today's decision on the Minimum Lending Rate. Back Page
- PRICE COMMISSION is seeking changes in the law so that it can stop price rises in loss-making companies. The commission would particularly like to block the 10 per cent fares rise from January proposed by British Rail. Back Page.
- OPERATING costs for some North Sea oilfields have more than doubled in the last year, according to industry estimates. Of the 22 fields listed, Heather Field costs have risen an estimated 220 per cent. Back Page.
- FORD has posted to every manual employee a bulletin detailing the company's 17 per cent "final offer," including the controversial attendance payments plan, in an attempt to win the votes of the 57,000 striking car workers. Mass meetings take place tomorrow and Sunday. Back Page
- VAUXHALL transport workers at Ellesmere Port have voted to defer their strike due to begin yesterday, to give national union officials time to seek improved terms from the company. Page 13
- CARTIERS SUPERFOODS reports pre-tax profits for the 32 weeks to September 9 up from £497,578 to £698,758 on sales of £16.34m (£11.2m). Page 31
- KWIK-FIT pre-tax profits for the half year to August 31 rose from £443,016 to £540,428. Page 31.
- TOYOTA MOTOR sales profits for the first six months fell by 5 per cent to Y12.06bn. Page 35

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Motorola	£30⅞	+ 4⅜
Ulster TV A	75	+ 3
Conzinc Riotinto	266	+ 16
Western Mining	133	+ 8

FALLS		
Treas. 8½pc '80-82	£90⅛	− ¼
Treas. 15¼pc 1998	£116¼	− ¼
Adwest	297	− 8
Babcock and Wilcox	149	− 8
Beres	136	− 6
Cartiers	96	− 6
City Hotels	110	− 9
Dixons Photographic	126	− 6
Gibbons (S.)	194	− 8
Haggas (J.)	165	− 7
Ladbroke	166	− 8
Laing (J.) A	75	− 4
McCorquodale	282	− 10
McNeill Group	28†	− 3
NSS Newsagents	98	− 8
Saatchi and Saatchi	108	− 5
Smiths Inds.	200	− 6
Sotheby PB	307	− 8
Sunley (B.)	262	− 8
Tecalemit	132	− 6
Utd. Scientific	280	− 24
Guthrie	352	− 11
Anglo Amer. Gold	£15	− 1⅝
Blyvoor	250	− 34
Cons. Gold Fields	172	− 8
East Drie	590	− 65
Free State Geduld	£12¼	− 2
Harmony	256	− 46
Impala Plat.	184	− 15
President Brand	667	− 123
President Steyn	565	− 85
Rustenburg Plat.	92	− 10
Vaal Reefs	£11¼	− 1
Western Deep	667	− 66
Western Hldgs.	£15⅞	− 1⅞
West Rand Cons.	86	− 28

† Price at suspension.

Callaghan pledges tough defence of 5% pay norm

BY RICHARD EVANS, LOBBY EDITOR

THE GOVERNMENT is determined to continue to defend its 5 per cent pay guideline in spite of damaging breaches, even if it results in a winter of industrial unrest.

That was the uncompromising message Mr. Callaghan delivered to Parliament yesterday when he launched a legislative programme drafted to ensure that he remains in office well into next year to choose the optimum timing for a general election.

In the toughest defence heard so far of the controversial pay norm, Mr. Callaghan declared that maintaining single-figure inflation must remain the Government's absolute priority, and if the guideline were brushed aside, other measures would have to be introduced.

Those might include higher taxation, higher interest rates and a smaller increase in public expenditure, which might increase unemployment.

The Prime Minister reserved his harshest words for the Ford Motor Company, which has offered its workers a deal worth 16½ per cent, a breach of the 5 per cent guideline that might act as a target for claims throughout the winter.

"I think Ford has a public obligation to state clearly what impact on its prices this proposed wage settlement will have. It has a public responsibility to account to the country for any price increase it proposes to make during the next 12 months . . . The sooner it says that the better," Mr. Callaghan said.

Ministers hinted later that the Government might have to retaliate against Ford once a settlement was announced, but it is hard to see what sanctions could be invoked effectively against such a powerful multinational.

There is certainly no indication that the Government, through the Price Commission, will seek to block any application from Ford for price rises.

Mr. Callaghan summed up his attitude by declaring: "I wish to make it clear that the Government cannot give up its basic policy, and the fainthearts who say we should not be so rigid, or that we are fighting the wrong battle and cannot succeed, should make up their minds which side they are on."

It was basically an appeal to the country over the heads of trade union negotiators to stand firm with the Government in support of the 5 per cent guide and to oppose inflationary settlements even at the risk of strikes.

The Prime Minister clearly intends to make his counter-inflation stand the centrepiece of his election appeal next year. "I believe that if the Government and the House give a strong enough lead, then we shall carry the country with us."

Mr. Callaghan observed that union power was greater than ever before. He appeared to hint that workers should consider walking through picket lines if they faced militant attempts to bring the country to its knees.

Mrs. Thatcher, Conservative leader, appeared to adopt a slightly more conciliatory attitude towards an incomes policy to heal the party's internal divisions. She insisted that monetary policy and market forces held the key to economic success but emphasised that a Conservative Administration would seek maximum restraint in pay claims.

Mrs. Thatcher criticised the Government's failure to offer new incentives to British industry and argued that the legislative programme was an attempt to try to prove that the Labour

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£ in New York

—	Nov. 1	Previous
Spot	$1.9700-9900	$2.0750-0780
1 month	0.38-0.28 dis	0.24-0.16 dis
3 months	0.85-0.75 dis	0.55-0.45 dis
12 months	2.80-2.40 dis	2.50-2.00 dis

HIGHLIGHTS OF SPEECH

OVER 25 Bills were outlined in the Queen's Speech yesterday. The programme would be more than enough to occupy the House if the Prime Minister decided to hold out until next autumn. Among the most important measures proposed were:

1. **Compensation for short-time working aimed at reducing redundancies. Workers would get 75 per cent of their normal pay for each full day lost, with employers compensated from public funds.**
2. **Legislation on industrial democracy following further consultation on the proposals included in last May's White Paper.**
3. **Additional finance for the National Enterprise Board and for the Scottish and Welsh Development Agencies.**
4. **Changes to the structure and organisation of broadcasting.**
5. **Draft orders laying down March 1 as date for referenda on devolution for Scotland and Wales.**
6. **Bills aimed at protecting savers with banks and other deposit-taking institutions like credit unions.**
7. **A housing Bill incorporating a new charter of rights for council tenants.**
8. **Amendments to the Local Government Act.**
9. **The reorganisation of the electricity supply industry.**
10. **New legislation which would allow the Director-General of Fair Trading to ban "rogue" estate agents from trading and require all estate agents to give customers more information.**
11. **Amendments to company law, including a ban on insider dealing and the tightening of the rules governing loans by companies to their directors.**

Healey to answer MPs on EMS

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

AN ALL-PARTY committee of MPs will publicly question Mr. Denis Healey, Chancellor of the Exchequer, tomorrow on the proposed European Monetary System.

It will be the first detailed Parliamentary examination of the proposals, which are to be discussed by the Cabinet this morning.

The inquiry—by the general sub-committee of the Commons Expenditure Committee—comes as senior Ministers have apparently decided that a scheme which fulfils British pre-conditions is unlikely to emerge from the EEC talks.

Doubts have centred in particular on whether sterling could remain a permanent member of such a scheme.

Mr. Healey is likely to face close questioning on these points, as the sub-committee, of which Mr. Michael English, the Labour MP for Nottingham West, is chairman, includes a number of strong critics of the proposed monetary system.

It had been thought that the Treasury would be represented at tomorrow's hearing by senior officials. It is highly unusual for a senior Cabinet Minister to discuss policy issues in this way before the Cabinet has reached a decision.

The Treasury last night published a memorandum, which Mr. Healey has sent to the sub-committee, outlining the background to the proposals

The memorandum sets out the differences of view on how the currency mechanism would work and how the credit facilities should be used.

The Treasury notes that the EEC is divided about how a provision for changing exchange rates might be built into the plan.

Some countries have proposed that in certain exceptional, but essentially temporary, circumstances a country could suspend its membership of the system; but other countries do not accept this. They feel such a provision might harm the credibility of the system.

All nine countries agree that the new system, while aimed at *reducing the need for frequent* changes in exchange rates, should nevertheless allow arrangements for adjusting parities by mutual agreement.

The Treasury memorandum says that, until the details of the proposals are clarified, it is uncertain what legal arrangements would be necessary

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FEATURES

For latest Share Index 'phone 01-246 8026

Denmark's trade gap narrows

By Hilary Barnes

COPENHAGEN, Nov. 1.

DENMARK'S THIRD quarter trade deficit fell to DKr 3.98bn (£396m) from DKr 5.13bn (£510m) in the same period last year according to Bureau of Statistics trade figures, bringing the deficit for the year so far down from DKr 15.1bn (£1.5bn) to DKr 11.6bn (£1.15bn).

Third quarter exports rose by 8.5 per cent, to DKr 15.3bn (£1.5bn), against the same period last year, including a rise of 14.3 per cent, to DKr 3.2bn (£318m), in agricultural exports. Exports of manufactures, excluding ships and aircraft, increased by 1.7 per cent, to DKr 10bn (£995m). Imports rose by 0.3 per cent, to DKr 19.3bn (£1.9bn) although energy imports declined by 8.9 per cent, to DKr 23.6bn (£2.35bn).

Soviet whaling cut

The Soviet Union has cut the number of its whaling ships in an apparent bid to preserve whaling stocks, according to the official Tass news agency. The agency quoted the Soviet Ministry of Fisheries as saying that whaling would be reduced in Antarctic waters but gave no details of when the measures would come into effect. The Soviet Union and Japan, the world's two largest whaling nations, have been under increasing pressure from Western conservationists to reduce their whale catch.

Italy renews commitment to EMS

BY PAUL BETTS

ROME, Nov. 1.

SIG. GUILIO ANDREOTTI, the Italian Prime Minister who yesterday won the support of the main political parties for his Government's public sector incomes policy, tonight renewed Italy's political commitment, in principle at least, to participate in the proposed European Monetary System (EMS).

But Sig. Paolo Baffi, governor of the Bank of Italy who also took part in talks at Siena today with Chancellor Helmut Schmidt of West Germany, said Italy was pressing for certain conditions. These included a more flexible currency snake to give sufficient guarantees for weaker Community currencies in the proposed European monetary union.

Particular importance was being attached here to the Siena talks since this is the last meeting between Chancellor Schmidt and Sig. Andreotti before the European Council early next month to discuss the EMS.

Italy has been looking particularly for some indication of how far Bonn is prepared to compromise on its position in support of a rigid monetary system similar to the present European currency snake. During his news conference tonight, Herr Schmidt said West Germany was willing to consider Italy's problems concerning EMS membership.

In recent weeks, Italian officials and political party leaders have voiced growing misgivings about the proposals advocated by the West Germans and Rome appears to be moving towards a decision not to join the EMS in the form so far advocated by Bonn.

The main difference between the Italian and West German positions is that the Italians—like the British—want to see an effective system of obligatory intervention based on the ECU basket which would force the currency diverging from the Community average to bear the burden of whatever support measures prove necessary. Such intervention would take place before the parity grid margins were reached. The West Germans clearly do not want to be tied to such an automatic obligation.

While the Italian Government is politically committel to the EMS, in principle at least, it was also expected to reiterate to Herr Schmidt its concern over other key aspects of monetary union, including the creation of an adequate reserve fund and the transfer of resources to weaker economies together with a general overhaul of the European Community's agricultural policy.

Although Italy's external position has substantially improved since the 1976 currency crisis with foreign exchange reserves now standing at nearly $10bn, the monetary authorities here fear that the reserves could be eroded in a matter of weeks if the lira had to join a narrow system similar to the snake with a 2.25 per cent margin.

At the same time, although Sig. Andreotti succeeded late last night in averting a government crisis over his Administration's proposals to introduce an incomes policy, there are increasing threats of widespread labour unrest.

Sig. Andreotti has until the end of December to finalise his government's three-year economic recovery programme. The survival of his minority Christian Democrat administration largely hangs on his ability to accommodate in his programme the conflicting demands of the unions and the political parties supporting his government.

Italy airports hit by strikes

ROME, Nov. 1

STRIKES BY flight attendants again forced cancellation of most flights at three major Italian airports today. More walkouts were planned for tomorrow and Friday.

Major unions staged the eight-hour stoppages at airports in Rome, Milan and Naples. The workers have staged strikes almost every week during the past few months.
AP-DJ

Dutch customs man shot dead

DUESSELDORF, Nov. 1.

A COUPLE shot dead a Dutch customs official and wounded two others, one seriously, on the border with West Germany today before fleeing in a hijacked baker's van, a state government official said.

The North Rhine-Westphalia official said the shooting took place on the Dutch side of the border opposite the West German town of Herzogenrath.

He discounted other reports and said the shooting occurred after four Dutch customs officials saw a man, aged about 30, trying to climb a concrete barrier into West Germany.

The man spotted them as they approached and fired a pistol at them. Almost simultaneously, a young woman appeared from bushes nearby and opened fire with another pistol.

According to Dutch officials, however, the couple walked through the crossing point from West Germany and were approached by the customs officials.

The man tried to escape by climbing a wall, then opened fire with a submachine gun. After commandeering a baker's van the couple abandoned it in the nearby town of Kerkrade and sped off in a yellow Mercedes car with West German number plates.
Agencies

Athens sea collision protest

By Our Own Correspondent

ATHENS, Nov. 1.

THE SINKING of a Greek fishing boat by a Turkish patrol boat in the northern Aegean threatens to further strain relations between Greece and Turkey, already tense over the Cyprus issue and disputes on territorial rights in the Aegean.

A Government spokesman said today that it had protested to Ankara about the use of force by the Turkish patrol boat against a defenceless Greek fishing boat which may have strayed into Turkish territorial waters.

The spokesman said that Greek naval authorities were holding an investigation to ascertain whether the fishing boat Nicholas Ps was sunk inside Greek or Turkish territorial waters. He said one of the fishing boat's four crew members was reported drowned after the Turkish ship rammed it yesterday.

Reuter adds from Ankara: The Greek fishing vessel which collided with the Turkish patrol boat in the northern Aegean had apparently entered Turkish territorial waters, according to the Turkish Defence Minister, Mr. Hasan Esat Isik.

● Reuter writes from Athens: Two British sailors of the aircraft carrier Ark Royal were sentenced today to 18 months imprisonment for tearing down the Greek flag. Two other British civilians were acquitted. The incident came a few days after two British girls were given seven-month jail terms for the same offence.

France's budget deficit may reach FFr 35bn

BY ROBERT MAUTHNER

PARIS, Nov. 1

THE FRENCH budget deficit for this year is expected to be between FFr 30bn and FFr 35bn (about £4bn), nearly four times greater than the original target, and some FFr 5bn (£596m) more than the most recent estimates, according to Press reports.

The authorities have officially admitted a shortfall of only FFr 27bn (£3.2bn), three times the figure in the 1978 budget.

If the reports, apparently based on official statistics, are correct, they will do much to undermine the credibility of Prime Minister Raymond Barre's claim that he has been giving absolute priority to fighting inflation.

The large budget deficit is widely seen as one of the principal causes of the continuing high inflation rate, still likely to be close to 10 per cent in 1978 despite a slowdown during the last two months.

The outlook for 1979 is not much better. On past experience, there seems little reason to believe that the authorities will be able to keep the shortfall down to FFr 15bn (£1.8bn) next year, as laid down in the budget approved by the Cabinet last September.

Although M. Barre promised that the deficit would be financed by non-inflationary means, he has fallen far short of his target.

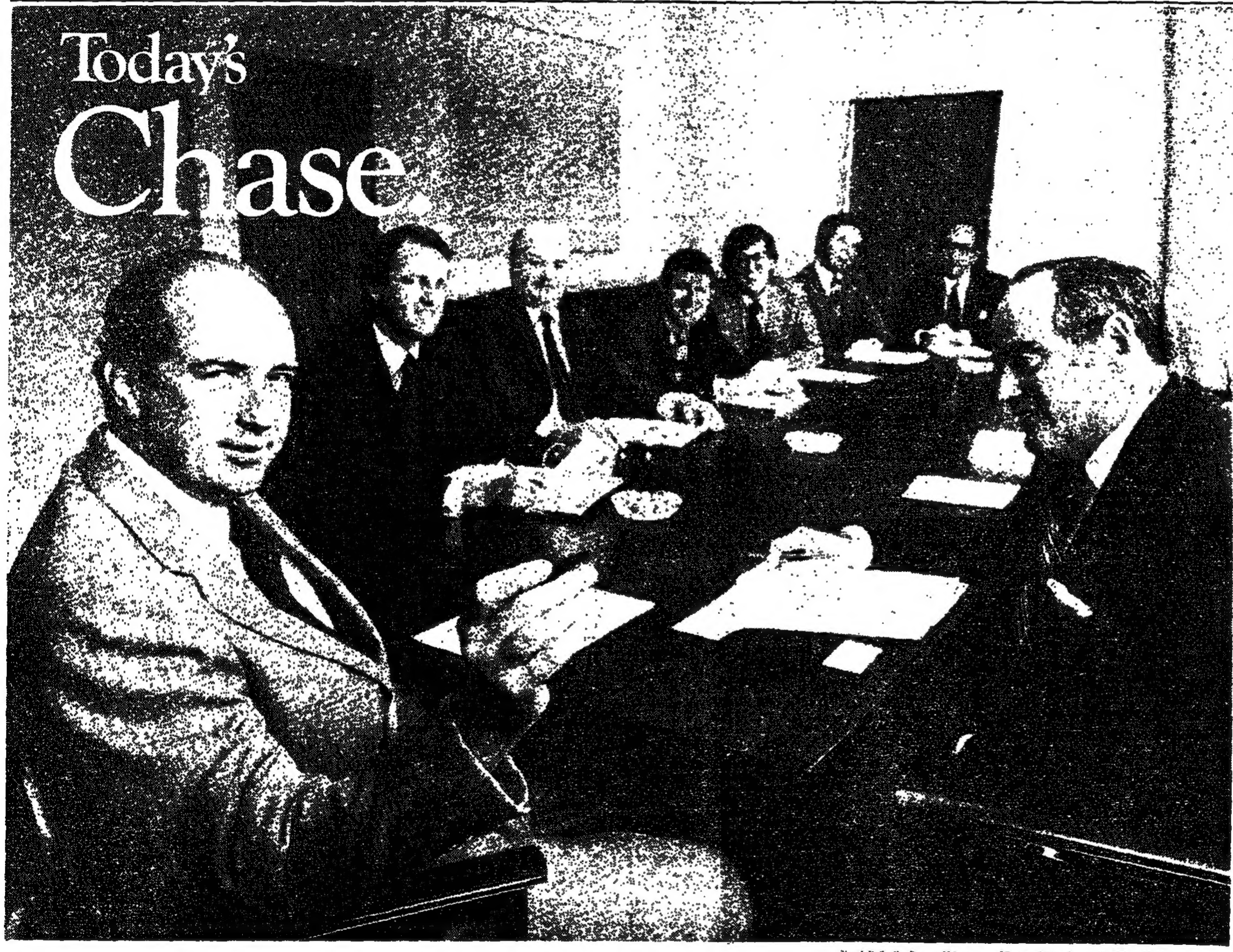
By the end of this year, the Government will have floa[ted] four small loans, for a total [of] about FFr 12bn (£1.4bn). P[ur]chases of Treasury Bonds [by] the public will have brought a further FFr 5bn (£596m) or bringing the total sum financ[ed] by savings to FFr 17bn (£2b[n]) little more than half the expec[ted] budget deficit.

By the end of the year, the[re]fore, the Government will h[ave] created some FFr 15bn (£1.8[bn]) extra money and the mon[ey] supply will have been furt[her] swollen by the inflow of fore[ign] currency, estimated by so[me] sources at FFr 10bn (£1.2bn).

On the other hand, econo[mic] growth, according to the la[test] official forecasts, will be pus[hed] up to 3.2 per cent in 1978, fr[om] 2.9 per cent last year, and is [ex]pected to accelerate to 3.7 [per] cent in 1979. But this still [is] well short of the 4.5 per c[ent] which the Organisation [for] Economic Co-operation [and] Development considers necess[ary] even to keep unemploym[ent] steady.

The number of unemploy[ed] rose to 1.3m in September, a[nd] inflation is only just starting [to] slow after the sharp rise [in] prices earlier this year.

M. Barre thus has a long w[ay] to go before he can claim that [his] prescriptions have brought ab[out] a complete cure.



Frank R. Reilly, General Manager and Regional Coordinator for UK and Ireland.

ALL SAINTS' DAY

The day that Paris honours its dead

BY DAVID CURRY

PARIS, Nov. 1

A DEADENING MIST hangs over the cemetery, sharpening the silence but blurring the outlines of the factory which dominates the wall from one side and the grey bulk of the low-cost flats across the disused railway line on the other side. The graves themselves look like houses in a toy village. But the acid fumes of northern Paris have gnawed into and blackened the stone of the vaults and even over the clinical marble of the newer graves a film of soot has gathered.

Normally, the cemetery is almost deserted. A few plastic flowers, garish and grimy, and an occasional pot of geraniums represent the world of the living. Today is different, and a steady stream of people, a few in Sunday best but most in working clothes, emerge from the Rue d'Hautpaul on to the cemetery's cobbled alleys.

Almost without exception they carry chrysanthemums: some are small sprays, but more often they are pots of the heavy baroque buff and orange flowers, or the denser bushes of blossoms of deep red rust bought for up to FFr 70 at the florist opposite the cemetery gates.

For today is November 1, All Saints Day, and the day on which the Catholic world remembers its dead. For more than a week, every flower shop in France has ranged the batteries of chrysanthemums—the flower of the dead—outside on the pavement, and the Press has been filled with dissertations on how, by artificially adjusting the length of daylight, the blooms are brought to perfection for the beginning of November.

Many people will cross Paris to honour the family graves. As many will make the pilgrimage into the provincial France of their parents.

The Cemetery of the Rue d'Hautpaul is tiny — only a few acres. But a couple of miles away, in eastern Paris, is the mo[st] famous graveyard in Fran[ce] Pere Lachaise, where many [of] France's heroes lie, as well [as] thousands of her citizens w[ho] performed no famous or her[oic] action. Pere Lachaise is so la[rge] that it is divided into arrondis[se]ments, like the city outside [its] walls. For a small tip, t[he] cemetery staff will provide rou[gh] sketch-maps showing where [to] find the most famous graves.

The older part of the cemete[ry] on steeply sloping ground, lies [in] the shade of ancient plane tre[es] the undergrowth invading t[he] frequently forgotten tombs. B[ut] among this mellow pattern [of] stone graves, damp ground a[nd] wilting fern there are viole[nt] interruptions of colour. Frede[ric] Chopin, perhaps the most lov[ed] of Paris's adopted sons, is alre[ady] engulfed by fresh flowers. Do[wn] the slope, Edith Piaf, the gut[ter] sparrow who sang the songs a[nd] lived the life which caught t[he] raw nerves of the city, h[as] received her tribute from peop[le] still haunted by her tragic voi[ce].

At the other end of t[he] cemetery, near the wall whe[re] the last of the Communa[rd] rebels who led the Paris insu[rr]gents in 1871 after the Franc[o-] Prussian war were lined up a[nd] shot by fellow Frenchmen, a[re] the graves of Communi[st] leaders. It does not matter th[is] November morning that t[he] Communards had barely hea[rd] of Marx, and still less read hi[m] nor that Marx was full of co[n]tempt for their lack of decisi[on] —the ideological dead c[an] appropriate the dead.

Elsewhere are the tombs [of] the famous and semi-famou[s] admirals in full sail und[er] sculpted monuments as big [as] a house; Napoleonic generals [at] the gallop; poets, shopkeeper[s] and a sprinkling of Britons, i[n]cluding Oscar Wilde. All hav[e] received the final accolade of th[e] real Parisians—to be buried [in] Pere Lachaise.

Bid to settle sea dispute

PARIS, Nov. 1.

THE FRENCH Government has intervened in the seamen's strike, now in its third week, by arranging a conciliation meeting.

A Transport Ministry communique said the meeting would take place on Friday. It added that the ship-owners and the seamen's unions had asked the Government to try to settle the dispute after their negotiations ended in deadlock.

The seamen, supported by port workers, are striking in protest against the use of low-pai[d] foreign crews—mainly Asians—on French ships, and for bette[r] pay.

Meanwhile, M. Andre Girau[d] the French Industry Ministe[r] today denied rumours that th[e] Iran oil production strike an[d] the French ports dispute coul[d] lead to petrol rationing. Franc[e] had a constant 90-day stockpil[e] of petroleum and Iran supplie[s] less than 10 per cent of France's oil.
Agencies

Greek fleet tonnage rise

By Our Own Correspondent

ATHENS, Nov. 1.

THE GREEK-OWNED merchant fleet amounted to 4,906 ships with a total of 49,678,151 gross tons at the end of August this year, the Ministry of Merchant Marine reported today.

Of these, 4,059 ships totalling 35,734,869 gross tons were under the Greek flag and 847 vessels totalling 13,943,282 gross tons were under various foreign flags

The Ministry said that 228 ships totalling 3,264,948 gross tons hoisetd the Greek flag in the year ending August 31, 1978, increasing total tonnage by 10.1 per cent. It added that at the end of August this year 285 Greek-flag ships totalling 2,610,773 gross tons (or 7.3 per cent of total tonnage) were laid up.

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EUROPEAN NEWS

British Rhine army cushioned against Deutsche Mark rise

BY LESLIE COLITT BERLIN, Nov. 1.

ALTHOUGH West German banks are exchanging the pound sterling at only DM 3.52, the 58,000 servicemen in the British Army of the Rhine and the RAF in West Germany are being cushioned from the pound's latest decline against the Deutsche Mark. They are paid at a fixed exchange rate of DM 4.15 to the pound, with the UK Exchequer making up the difference.

By comparison, the 220,000 U.S. servicemen in West Germany are bearing the full brunt of the dollar's fall against the Deutsche Mark as they change their dollar paychecks into *Deutsche Marks* at the American Express exchange rate of DM 1.72 to the dollar.

Many U.S. soldiers here complain bitterly about what they call Washington's "neglect" of U.S. forces in West Germany. Although the troops receive a rising cost of living allowance in dollars, it is proving only a token compensation for the dramatic slide of the dollar.

U.S. military families on short tours of duty who are forced to live in West German housing rather than rent-free Government quarters are the worst-hit of all. A growing number of army wives are packing to leave for the U.S. because the families can no longer afford the typical DM 500 (£140) monthly rent for a simple three-roomed flat.

Sgt. Ed Moody from Tennessee, who is serving in West Berlin, says his wife is leaving for home as he has had to spend nearly 50 per cent of his monthly $1,000 paycheck on rent, electricity and basic telephone charges.

"When I arrived here 14 months ago, I paid $250 a month rent for my two-bedroomed apartment, and now it's $330 because of the dollar's decline," he said.

Sgt. Moody says that a number of his friends have been applying for emergency military loans to cover their living expenses. But he refuses to do so. "I'm not going to borrow money just to live here." When his wife leaves for the U.S. with their two children he is going back to barracks.

U.S. military families living in government housing are better off, although they now stay close to the PX shopping areas and snack-bars as West German restaurants and department stores are too expensive for them. W. German shopkeepers who used to cater for Americans say they haven't seen *them in over a year,* during which the dollar has fallen by some 25 per cent in value against the D-mark.

One U.S. diplomat in West Germany says the visible plight of U.S. servicemen here "does nothing to help America's role as the protector of this country."

By contrast, Lance Corporal Phil Dowling from Glasgow, who is serving with the British field force in West Berlin, says he is satisfied with his DM 1,100 (£305) take-home pay each month. He notes that he would be getting £100 less if he were back in the UK.

Mr. David Huxtap, who is also serving with the British Army in West Berlin, and his wife Jane, are both quite pleased with the standard of living here. They pay £40 a month for their married quarters, which an army spokesman here says is comparable to the cost of a similar-sized council house in the UK. "It is much easier living here than it is back home because of the overseas allowance," said Mr. Huxtap.

However, it is feared that if sterling continues at its current low level to the D-mark much longer, the British Exchequer may lower the preferential exchange rate for British troops in West Germany.

Pinto plans party consultations

LISBON, Nov. 1.

SR. CARLOS MOTA PINTO, Portugal's Prime Minister designate, is expected to have a second round of consultations before the weekend with the political parties represented in Parliament before the weekend, the national radio said today.

In an interview with the national newsagency last night, Sr. Mota Pinto said he would not consult the unions and employers organisations on the formation of Portugal's tenth post-revolutionary government. The question of the Cabinet make-up was a political matter.

He would continue contacts with the outgoing government of caretaker Prime Minister Alfredo Nobre da Costa in order to set the priorities for the fourth constitutional government.

Reuter

UK-Spain talks on Gibraltar to resume

By Our Own Correspondent

GIBRALTAR, Nov. 1.

A SECOND meeting of the Anglo-Spanish working parties on Gibraltar is due to take place later this month to be followed in December by a Ministerial meeting between Dr. David Owen, the British Foreign Secretary, and Sr. Marcelino Oreja, the Spanish Foreign Minister, at which meeting Gibraltar leaders will again be pesent.

The joint working parties are considering the resumption of maritime communications between Spain and Gibraltar, and the payment of social security benefits to former Spanish workers who were employed in Gibraltar before the frontier was closed by Spain in June, 1969.

Co-operation in the field of telecommunications is also being discussed.

The joint working parties were set up following a Ministerial meeting in Paris earlier this year and the historic first meeting in Strasbourg a year ago when Gibraltar and Spanish leaders faced each other for the first time.

Although the Gibraltar House of Assembly has repudiated a recent statement at the UN by Sr. Oreja reiterating Spanish contentions about Gibraltar, including that the military base is a threat to Spain, there is hope that progress can be made at a practical level.

Meanwhile, General Sir William Jackson, the Governor of Gibraltar is in London for talks with the Government. He will be meeting Dr. Owen later to provide him with his first full assessment of the Gibraltar situation since taking office earlier this year.

Sir William met Sir Joshua Hassan, the Chief Minister, and Mr. Maurice Xiberras, the leader of the opposition, before leaving for London.

In London, the Governor has also been having extensive consultations with the Ministry of Overseas Development, the Treasury and the Ministry of Defence where the question of the transfer of Ministry of Defence land to civilian use is certain to have been discussed.

BASQUE AUTONOMY

Out of step with the rest of Spain

BY DAVID GARDNER, RECENTLY IN BILBAO

THE MARCH for "peace in the Basque country," which took place last Saturday in Bilbao, began as an orderly and silent protest against the escalation of violence in the region and ended in near chaos.

The trouble centred on the counter-demonstration organised by the radical nationalists or Abertzales, opposed to the peace initiative of the Partido Nacionalista Vasco (PNV), the main Basque nationalist party in Parliament. The tremendous array of police strength brought in to ensure the successful progress of the main demonstration, and impede the counter-march, served to drive the two sides into each other.

But for many of the peace marchers, principally followers *of the PNV, the spectacle was* too reminiscent of the worst incidents that took place here under General Franco and during the tense and violent last two years. And instead of the expected clashes, the two groups frequently made common cause against the police.

The events showed once again that the Basque country remains dangerously out of step with the rest of the country. It requires exceptional measures if it is not to become a threat to Spanish democracy, the transition to which, is near formal completion following Tuesday's approval of the new constitution by both Houses of Parliament.

But one of the cornerstones of the constitution is the indissoluble unity of Spain, which requires even-handed treatment of all the country's regions and minority nationalities. Only on this basis has it won the support of the armed forces, trained to regard the preservation of national unity as their most sacred task.

So Spain is itself a special case—unique in modern Europe in legislating itself out of a dictatorship — and for the moment, other claims to special attention have to wait their turn.

This realisation has led the Government's de facto allies in the Basque country—the Communist Party (PCE) and Socialist Party (PSOE) — to accept virtually without question the limited provision for devolution in the constitution. But the wear and tear on the orthodox left-wing opposition in Spain has been doubly rapid in the Basque country both because of the regional question and the critical deterioration of the Basque economy.

The Basque economy, once the life-blood of Spain, is in decline. The region is the centre of the Spanish capital goods industry, as well as of a large part of its heavy industry, particularly iron and steel and shipbuilding and in the last 20 years, a large number of small- to medium-sized enterprises, particularly in the engineering sector, have sprung up.

But in the present conditions of uncertainty, and what Sr. Carlos Garaicoetxea, the PNV president, last week described as the "smell of Ulster" over the Basque country, investment has declined and even pulled up roots in favour of other regions.

On the economic front, the Government has begun to treat the Basque country as a separate case. It has presided over the refloating of the integrated steel giant Altos Hornos de Vizcaya and the country's largest capital goods producer, Babcock and Wilcox Espanola—both of them based in Bilbao—with official credits worth Pts 4.5bn (£32m) and Pts 2bn respectively. The shipbuilding industry is to get Government underwritten aid worth Pts 30bn, a major portion of which will go to ailing Bilbao shipyards.

But the Government has felt unable to inject a corresponding amount of political capital, which would guarantee the votes and support which are patently *on loan to the winners of last* year's elections in the Basque country, the PSOE and PNV. The PNV's amendment to the constitution, on the Basque country's historic rights or "fueros," well illustrated the situation.

The PNV, which as a centrist Christian Democratic Party would be a logical ally for the Government in other circumstances, had already disappointed many of its followers by voting against the inclusion of right to self-determination in the constitution. But then, rather than pressing for ample autonomy inside the constitution, it reverted to the fueros formula.

Last Saturday's march for peace in Bilbao highlighted the danger the problems of the Basque region pose for Spain's fledgling democracy. Special political and economic measures are needed—and yet national unity requires even-handed treatment of regions and minority nationalities. In addition, the Government feels its hands are tied by the constitution and the armed forces.

The PNV hoped that this expression of traditional Basque separateness would satisfy its restless rank and file, particularly since its deputies would be seen putting up a vigorous fight in Parliament.

The Basque branch of the governing Union of the Democratic Centre (UCD), and supporters of positions considerably further to the right, gave the PNV their full support. This was partly because the fueros provide for a system of elected regional government, which gives equal weight to the industrial cities as to the increasingly depopulated rural areas.

The electoral disadvantage to the Left is clear, and this was in fact a formula with which the Government toyed during the *first half of last year. However,* since the fueros were traditionally inscribed in a treaty with the Crown, and did not imply Basque acceptance of the State as such, the Government was concerned that the amendment would open a judicial loophole in the constitution and stimulate separatism.

The amendment was rejected, and last weekend the PNV announcement that it would campaign for abstention when the constitution goes to referendum on December 6.

The PNV had been out to prove by its peace initiative that opposition to the constitution did not mean condonement of terrorism. The initiative was opposed by the "Abertzales," since although the PNV stressed that its march was also against "institutional violence" — and only on that basis managed to turn out 40,000 people—the radical nationalists saw it as aimed at ETA terrorism.

ETA, having claimed responsibility for 39 out of 59 deaths in political violence this year, is widely believed to be embarking on a major offensive to coincide with the referendum campaign. At the same time, last Saturday's demonstration has effectively cut all links between the leadership and autonomist wing of the PNV and the "Abertzales." As a result there have been five attacks in the past 10 days on PNV offices, as well as the November 1 bombing of the headquarters in Elorrio of the PNV's trade union adjunct, ELA-STV.

ETA's assassination of two army officers in Madrid last July —on the very day that Congress approved the draft constitution —is proof that the guerrilla organisation has widened its sights. From mere terrorism, it is now beginning more orthodox guerrilla activity, such as last week's attack on a naval garrison near San Sebastian, or the October 31 attack on the General Electric plant near Bilbao, when it made off with over Pta 30m.

The dangers of this campaign spreading, particularly at the present time, are self-evident. In the Basque country itself, it remains to be seen whether the Abertzales—whose ranks will now be swelled by PNV dissidents—will support the ETA campaign or throw in their lot with the more orthodox radical Left, particularly with a view to contesting municipal elections.

These elections, because of the greater local control they imply, are a crucial part of the Basque equation, and one of the few options towards which the *Government has a clear path.* Its present policy in the Basque country is strictly limited by national considerations

The semi-autonomous Basque General Council (CGV) has only now received its first batch of executive powers, but at a time when the CGV has already been badly discredited. Serious talks on setting up a native Basque police force are finally going ahead under Socialist pressure. Without the withdrawal of the non-Basque paramilitary forces from the region, however, such a force is likely to contribute little towards a cease-fire.

The Government believes its hands are tied by the constitution and the armed forces, which make the restoration of normality to Basque public life elusive.

But its insistence that the Basques cannot be treated differently is paradoxically feeding separatism. The backlash against the Basques beginning in the rest of Spain, coupled with the almost inevitable rejection by the *region of the constitution,* will increase the Basque country's dangerous separateness. And unless the Government can respond to this with political rather than police measures, Spain's fledgling democracy will be burdened with a permanent focus of instability.

THE DEFENCE OF THE DOLLAR

Carter's bid to move the market

BY JOHN WYLES NEW YORK, Nov. 1.

For the past 22 months, President Carter has been extremely reluctant to accept the increasingly hostile verdict that the financial markets have been passing on his policies. Today, however, he has embraced a package of measures which represent a fundamental attempt to change market opinion.

The radical moves aimed at reviving the dollar may have been a bitter pill to swallow for they risk abandoning the President's chosen economic strategy of seeking to maintain steady economic growth and employment while at the same time attacking a rising inflation rate. Since the President announced his voluntary wage and price guidelines last Tuesday night it has become increasingly clear that the markets will have none of this approach.

Impact

The guidelines made no impact on the equity markets which continued the steep plunge they began the previous week. Seeing no alternative to sharply rising interest rates, the bond markets reacted in similar fashion while at the same time the foreign exchange markets were proclaiming the dollar the leper of international currencies. Almost as worrying as the selling of securities has been the volatility in the markets, particularly in equities. On Monday the Dow Jones industrial average on the New York stock exchange tumbled 17 points in the first 90 minutes but then recovered to gain 5.80 on the day. The dizzying oscillation continued yesterday but at the end of it all the market was down 19.40 points.

Economists across the country are tonight agreed that the raising of the Federal Reserve Board's discount rate coupled with the 2 per cent increase in bank reserve requirements are potentially the most important increases in the package—in essence a 1 per cent increase in the discount rate—and a withdrawal of 3bn of bank liquidity represent a major tightening of credit by a central bank whose willingness to grasp this particular nettle has been seriously questioned both at home and abroad.

Sympathy

The Fed has apparently been in sympathy with the President's goals of a 3-4 per cent real growth rate. But it has consistently failed to take account of the widely held opinion that it was tolerating an excessive increase in domestic money supply, and thereby feeding future inflation. "Today's measures indicate that we are prepared to stop the economy in order to help the dollar and slow inflation," commented Mr. Alan Lerner, economist at Banker's Trust. Mr. Lerner believes that the impact of the Fed's actions on the broad spectrum of interest rates will bring a recession in the economy next year. Others are not so certain. They point out that the underlying strength of the economy revealed by the latest set of economic indicators casts doubt on the recession. In his remarks today Mr. Michael Bluementhal, the treasury secretary, was at pains to allay recessionary fears. He stated bluntly: "We do not anticipate that these actions will have a negative impact on economic growth." Nevertheless the very much higher interest rates which were apparent this morning in the wake of the announcements suggest to many economists that a recession — or at least a marked slowdown — may now be precipitated through the housing market. Housing starts have continued to run at near record levels this year thanks largely to the sheltering of savings and loan associations — the main providers of mortgage funds — from the impact of higher interest rates. Since June they have been able to attract sufficient funds to maintain the mortgage flow by issuing special six month savings certificates, whose interest rates are pegged at a quarter per cent higher than the prevailing six month treasury bill rates.

However, with these rates climbing to the region of 10 per cent Mr. Patrick Savin, economist at Drexel, Burnham, Lambert doubted today whether savings and loans associations would want to bear such heavier short-term liabilities without substantially increasing mortgage rates. A reduction in the issue of the savings certificates, and thus a smaller flow of funds for mortgages, coupled with higher charges to the house buyer is thought likely to bear heavily on the housing sector in the next two or three months.

The 2 per cent increase in the bank's reserve requirement should make it more difficult for banks to satisfy credit demands, notwithstanding the higher incentive which the Fed says they now have to borrow dollars from abroad. Choking off bank credit could well have the effect of slowing the rate of industrial activity, although not, the administration hopes, business investment.

Dampening

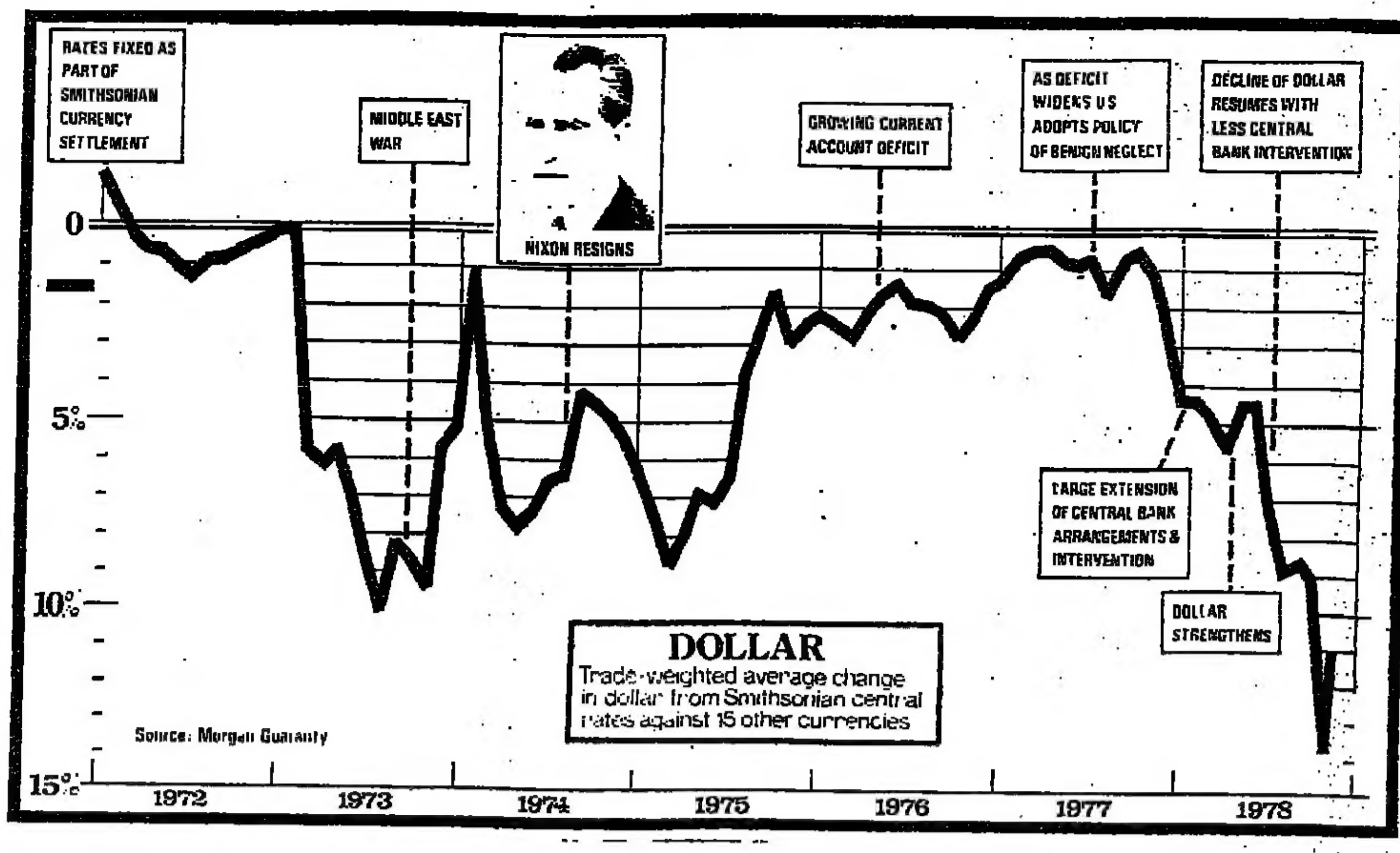
The Administration will be hoping that this dampening down of the domestic economy will convince the foreign exchange markets that the emperor, so long without any clothes, is now fully garbed. In an obvious attempt to leave nothing to chance, the Administration has produced four measures aimed at convincing the foreign exchange markets that there is no lack of will and resources to bolster the dollar. The $15bn available through swap agreements with Japan, West Germany and Switzerland are intended as a psychological sledge hammer aimed at convincing speculators that they now face a much bleaker outlook. The hope at the U.S. treasury is that the entire package is so wide-ranging and the dollar will be so thoroughly overhauled that the swap lines may not need to be used. But the language of the joint statement between the Treasury and the Fed heavily emphasises that the U.S., German, Japanese and Swiss central banks are forming a sort of currency "heavy mob" which will "intervene in a forceful and co-ordinated manner in the amounts required to correct the situation."

Similarly, the drawing on the U.S. $4.4bn credit at the IMF and the possible activation of the General Arrangements to Borrow (GAB) contain the message that the authorities have access resources, in this case of foreign currencies, to soak up dollars if need be. Moreover further resources could be raised by the proposed sale of $2bn of Special Drawing Rights and the issue of foreign currency denominated securities of up to $10bn.

Floating

Lastly the doubling of gold sales is likely to bring in $250m a month which might otherwise be floating abroad speculatively. The sale of 1.5m ounces a month will certainly not greatly deplete U.S. gold reserves which could sustain such auctions for about 18 years.

Broad reaction to the package on Wall Street is that by attacking credit, and through credit the future inflation rate, the Carter Administration has travelled far to reassure foreign opinion that the causes of U.S. economic ailments and not the symptoms are now being treated. A breathing space has been obtained.



Depreciation linked to payments deficit

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE TIMING of the depreciation of the dollar can be directly linked to the deterioration of the current account of the U.S. balance of payments during the first half of 1977 and the more rapid expansion of domestic credit.

The current account deficit jumped from $1.4bn to $20.2bn between 1976 and 1977 and the dollar started to weaken sharply during the summer last year as it became apparent that the rise in the deficit was not merely a temporary phenomenon associated with the bad 1976-77 winter.

The decline was aggravated by the Carter Administration's policy which was initially interpreted by the market as tacit approval of the fall and later, in the autumn of 1977, as benign neglect.

The continued decline of the U.S. currency led, at first to generalised statements of intent from President Carter and his colleagues. This was followed in early January this year by the announcement of large swap agreements, notably with West Germany, and a policy of more active intervention in foreign exchange markets.

The dollar enjoyed a temporary respite late in the winter and in early spring. But the pressures were renewed in June as it became clear that no early improvement in the U.S. economic and monetary scene was likely.

In particular, the current account remained in large deficit during the first half of 1978. The earlier acceleration in the growth of the money supply had been followed by a faster rate of increase in U.S. consumer prices—up to an annual rate of eight per cent in the first half of 1978 compared with 5½ per cent in the previous half-year.

The renewed decline in the dollar in August was marked by noticeably less central bank intervention than earlier in the year. During this period, much of the selling pressure reflected a diversification of portfolio holdings, especially by smaller central banks and by the oil-producing countries.

During the last three six-month periods the oil-producers have reduced the amount of new money they are depositing in the U.S. from $5.4bn to $3.8bn to $0.5bn.

The Carter Administration responded to the renewed weakness of the dollar with a series of small-scale measures, notably the planned increase in gold sales.

Neither this, nor an agreement by Finance Ministers at the International Monetary Fund meeting in late September that current account imbalances were on the way to being corrected, made much difference to foreign exchange markets.

Similarly there was little response to the eventual passage of a heavily-amended Energy Bill and to President Carter's announcement of wage and price guidelines. The markets felt that these measures, desirable as they were, did not tackle the fundamental problems which were weakening the dollar, notably the over-expansion of domestic credit. Yesterday's action was a direct response to this assessment.

THE IMPACT OF HIGHER RESERVE REQUIREMENTS

$3bn taken out of circulation

BY DAVID LASCELLES NEW YORK, Nov. 1.

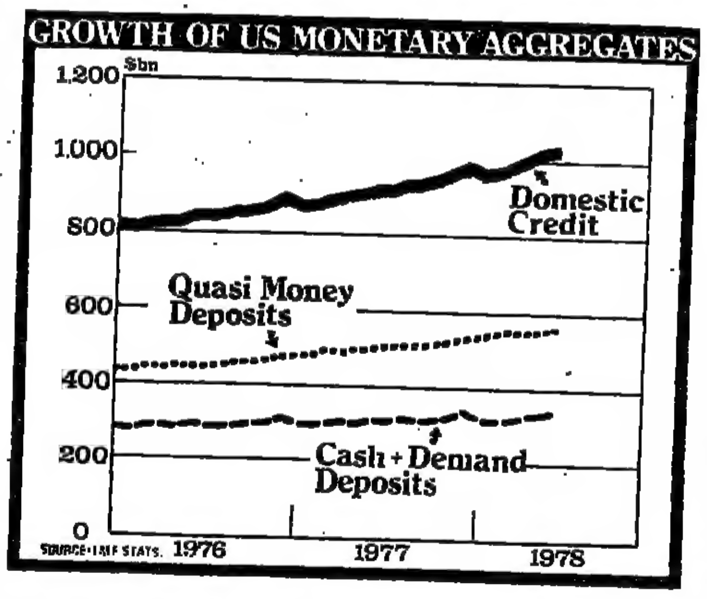
THE IMPOSITION of higher reserve requirements on large time deposits—a central feature of the dollar rescue package—will take out of circulation an additional $3bn, the largest sum the Federal Reserve Board has removed in this way.

The immediate effect will be to increase domestic dollar interest rates and also put upward pressure on the Euromarkets. The precise impact will depend on how far the Fed cushions the blow through its open market operations.

According to the Fed's announcement, a supplementary reserve requirement is being imposed equal to 2 per cent of time deposits in denominations of $100,000 or more. This comes on top of present requirements of 1-3 per cent (depending on maturity) on deposits totalling $5m or less, and 1-6 per cent on more than $5m.

The extra $3bn means an increase of 8 per cent on the $38bn in reserves which Fed member banks are already obliged to deposit.

The Fed said: "The reserve requirement action will help to moderate the recent relatively rapid expansion in bank credit. It will also increase the incentive for member banks to borrow funds from abroad, and thereby strengthen the dollar by increasing demand in Euromarkets for dollars."



The significance of the $100,000 level is that sums above this figure are not currently covered by Regulation Q, which lays down the maximum interest rates banks may pay on deposits. Large denomination Certificates of Deposit are a main source of bank funds. The Fed's action thus selectively increases the cost of funds in the main money markets, without affecting the small depositor, who is being encouraged to save. There was a fear that had higher reserve requirements been imposed on small deposits, the banks might have tried to recoup the cost by cutting the rate paid.

On a strict mathematical basis, the increased reserve requirements should add about two to three basis points to the cost of six-month CDs, which stood at 11 per cent before the measures were announced. But economists warn that this is not a reliable guide.

The major determinant will be what action the Fed takes in the coming days to ease this sudden tightening of credit. Sources close to the Fed believe the traditional aversion to sudden gyrations in interest rates will cause it to intervene to smooth the market. Intervention would take the form of repurchases of government securities to pump money into the system.

New interest rate and money supply targets would have been set at the secret meeting of the Fed's Open Market Committee, believed to have taken place on Tuesday.

As for the Euromarkets, the measures finally make sense of the abolition of so-called Regulation M provisions announced in August. These laid down the amount of reserves U.S. banks must deposit against their net borrowings from their foreign branches, and against credit extensions from foreign branches to U.S. residents.

At the time, the move was meaningless, since U.S. banks were net lenders, and not borowers, vis-a-vis their foreign branches. However, the new measures—by raising the cost of domestic funds—will make it more attractive for U.S. banks to borrow in the Euromarkets, particularly since there will be no reserve requirements against net balances due to foreign branches.

But the effect would be to push up interest rates on the Euro-dollar market too.

The banks' immediate reaction to the measures was to prepare for tighter credit, although it was impossible to say how tight, partly because the Fed rarely tampers with reserve requirements, partly because the Fed's interest rate targets were not known. The optimistic view was that action would hasten the peaking in interest rates, but talk of looming recession could be heard as well.

Package arouses mixed feelings in W. Germany

BY GUY HAWTIN FRANKFURT, Nov. 1.

THE FRANKFURT foreign exchange market's reaction to the American measures was a jump in the value of the dollar against the Deutsche Mark. This morning the dollar was being traded at around DM 1.76 but, following the U.S. announcement, it reached DM 1.85/87 in the afternoon.

However, if the market's response to the U.S. measures seems unequivocal, feeling among economic analysts here was mixed. While a number of Frankfurt's leading bankers appear to be taking the view that some form of recovery is on the way, other economists are less sanguine.

Herr Engelbert Dicken, a member of the Commerzbank's executive board, said this afternoon that the U.S. measures were "a major step in the right direction." The heavy reduction in liquidity resulting from the increase in the minimum reserve requirements, together with the "spectacular" increase in the discount rate, had been reflected in the Frankfurt foreign exchange market with a revaluation of the dollar to the tune of 5 per cent.

A leading foreign banker who does substantial foreign exchange business here said: "It is absolutely what we had been hoping for and it has had an excellent effect on the market. However, if you are asking me whether it will be permanent, all I can say is that we will have to wait and see."

An economic analyst with one of West Germany's leading commercial banks took a less hopeful line: "My initial reaction is 'promises, promises.' The problem is that one has the feeling that the Americans are just fiddling around. Their measures always appear to be too little and too late. While one may be being unfair, one gets the impression that they lack a sense of urgency. Because of this, I do not believe that the beneficial effects will be long-lived."

A foreign exchange dealer said that some temporary stability would be introduced to the markets, but it was open to question how long this would last. "Theoretically, this is exactly what the doctor ordered," he said. "The trouble is that it has been so long in coming.

"The Americans appear to be reacting to circumstances, rather than being in command of them. Although the measures may be sufficient from an economic standpoint, psychological factors play an important role in today's foreign exchange markets. ... In the end it comes down to whether the market believes that the U.S. authorities have finally decided to play tough and act decisively or whether, like the little Dutch boy, they are just sticking another finger in a crumbling dyke."

Adrian Dicks adds from Bonn: The West German Government and Bundesbank expressed strong support for the U.S. measures. A joint statement described the administration's expansion of swap lines, planned gold sales and increase in the discount rate as an "impressive" show of determination.

The German official statement went on to say that there was close agreement with the Americans that the recent fall of the dollar had far exceeded what might be justified from the economic fundamentals. It also pledged the West German authorities to play their part in "co-ordinated and decisive" intervention operations, now that the means available to the U.S. to undertake these had been greatly expanded.

As in March, when the U.S. and West Germany had signed a bilateral agreement intended to calm the foreign exchange markets, Washington is substantially increasing its Deutsch Mark facilities. The federal reserve's swap line with the Bundesbank is to be increased to $6bn from $4bn. The Bundesbank is also buying 600m special drawing rights, currently worth just under DM 1.4bn.

With Chancellor Helmut Schmidt in Italy, and most other Ministers and senior officials away from Bonn for the All Saints' Day holiday, it was not known tonight how far West Germany had taken part in the consultations leading up to today's decisions. As recently as last week, however, the official attitude towards the Carter Administration's dollar policy remained extremely reserved.

The U.S. President's programme of voluntary wage and price restraint, for example, was greeted here with unusually faint praise when the official spokesman merely noted that it was "a step in the right direction."

In contrast to the situation last December and January, moreover, there has been relatively little effort made by the West Germans to "talk up" the dollar in the absence of decisive U.S. policies—though there has been general agreement that it had become absurdly under-valued.

Herr Schmidt himself flies to Paris tomorrow to continue with President Giscard d'Estaing the round of talks on the European Monetary System that he pursued in Siena today with Sig. Giulio Andreotti.

Swiss find measures 'very impressive'

BY DAVID MARSH

THE SWISS Government and the National Bank are "convinced" that the U.S. dollar support programme will have the intended effect of rallying the currency and normalising the foreign exchange market, a spokesman for the National Bank said in Zurich last night.

Calling the U.S. package of measures "very impressive," he said the Swiss authorities will participate actively in the programme by increasing the U.S.-Swiss swap line to $4bn from $1.4bn, purchasing 325m SDR's from the U.S. through the medium of the Bank for International Settlements, and assisting in the placement of Swiss franc denominated U.S. government securities.

The National Bank, along with the central banks of the U.S., Japan and West Germany, has also agreed further to increase their co-operation on exchange market intervention.

The spokesman disclosed that the National Bank last month bought a net amount of more than SwFr 5bn worth of dollars to try to curb the currency's slide, the bulk of the support occurring in the first few days of October.

During the month, the dollar slipped at one point as low as around SwFr 1.46, compared with a level of 2.55 only about 18 months ago.

The National Bank is prepared to intervene in continued large amounts, although now that the U.S. has launched its support programme this should no longer be necessary, the spokesman said.

Heavy intervention by the National Bank has been the principal factor in forcing up the rise in the Swiss money supply aggregate M1 to an average annual rate of 14 per cent so far this year, a drastic overshooting of the targeted 5 per cent.

Regarding the U.S. plan to issue securities in yen, Deutschmarks and Swiss francs, the spokesman said the amounts and other details have yet to be negotiated. The Swiss franc bonds may be issued either on the public market or as private placements.

Both the National Bank president Dr. Fritz Leutwiler and the head of the German Bundesbank Dr. Otmar Emminger have suggested on several occasions that the U.S. should float foreign currency bonds to help cover its balance of payments deficit.

Domestic credit moves may attract Eurodollar funds

President Carter at the White House yesterday

DOLLAR-BASED bond and securities markets in Europe yesterday dramatically reversed much of their recent losses as the wide-ranging U.S. Administration measures to defend their currency won immediate support for the dollar in international financial centres.

At the same time, the new U.S. domestic credit measures raised the possibility of a major flow of liquidity back to the U.S. from the $600bn-$700bn Eurocurrency market, according to leading banks and money specialists. This would reduce the pool of currency available for speculation against the dollar.

This U.S. action could give impetus to a repatriation to the U.S. of dollars from this Eurodollar pool by curbing a recent unfavourable interest rate arbitrage position between New York and Europe which has been prompting outflows of dollars from the U.S.

Short-term dollar interest rates in New York and Europe were too volatile yesterday to allow an accurate picture of what one trader called the "new shape of transatlantic interest rate differentials."

Recently, Eurodollar interest rates have been climbing sharply. They moved above 12 per cent for six months funds earlier this week. Some U.S. banks are reported to have been selling domestic certificates of deposit, and reinvesting the proceeds in higher yielding Eurodollar certificates of deposit — bringing exactly the opposite effect to that desired.

It was suggested in Europe yesterday that the Federal Reserve's new reserve requirement, which will add to the cost of a bank obtaining funds, may discourage this type of speculation, and even encourage banks to issue more Eurodollar certificates of deposits.

Some London bank economists believe that, even taken together, the two new reserve requirements will prove to have little immediate impact on the Eurocurrency pool, now estimated to total some $600bn-$700bn.

Taking their cue from the sharp recovery of the dollar in Europe, Eurodollar bond prices in both the straight-debt and convertible sectors were marked up sharply. Later, the strong advance by Wall Street and the New York bond market was also quickly translated into further rallies by bonds in Europe.

In the first few hours trading was particularly hectic after the U.S. measures, due to the closure of several European centres for the All-Saints Day holiday. Additionally, a large amount of bear-covering by investors, as well as professional traders, added to the pace of the recovery.

Over the past several week, the Eurodollar bond market has suffered its worst selloff since the tight international credit conditions of 1974, with yields on some dollar issues being driven up to well over the 10 per cent level.

Several bond houses believe that yesterday's rally contains the basis for a sustained recovery. They pointed out that the market had shrugged off the bearish implications of tighter U.S. monetary conditions, and instead had focused on hopes that the Administration's announcements will restore some lasting confidence to the dollar in the international markets.

In Deutsche Mark bonds, prices tended to drop, although trading was limited because of the holiday. Deutsche Mark bonds could suffer some further weakness tomorrow, if investors take profits and switch back into dollar paper, where current running yields of around 10 per cent and the gamble on appreciation of the basic security are an attractive combination.

The DM sector was thought certain by traders to be one of the outlets for the new foreign-denominated securities to be issued by the U.S. Treasury. These securities will be placed with investors abroad, and not with central banks, according to the Treasury.

The U.S. plan to raise the equivalent of $10bn through the move represents a substantial chunk of the international bond market's absorptive capacity, and some doubts were being expressed whether the U.S. could in fact market such securities very intensively.

The total new Eurobond issues of all currency denominations in the first nine months of this year is calculated at $11.2bn, compared with a total of $17.7bn for the whole of 1977.

Reflecting the shift from the dollar this year, the dollar bond sector accounted for $6.07bn in the first nine months, and the Deutsche Mark portion a more significant share of $3.9bn.

Foreign bonds issued outside the U.S.—excluding Eurobonds—totalled $9.01bn in the first nine months, compared with $5.7bn in same-period 1977.

The liberalisation of the Japanese capital market is partly responsible for this expansion, with Japanese yen issues totalling $2.9bn in the first nine months of this year, compared with a virtually insignificant $497m in the same period of 1977.

The U.S. currency securities will probably be issued in yen and Swiss francs, as well as Deutsche Marks, in order to spread the load of its offerings, traders suggest.

Other bond houses, however, do not see any prospects of "indigestion" in offering such U.S. securities.

Japanese ready for joint interventions

BY CHARLES SMITH TOKYO, Nov. 1.

JAPAN welcomes the U.S. package, since it is generally felt in Tokyo that the dollar is now seriously undervalued against the Yen.

In a joint statement with the Bank of Japan, Mr. Tatsoo Murayama, the Finance Minister, said the Japanese Government would act positively with the U.S. "We are sure that joint interventions by the Japanese, U.S. and other Governments in the foreign exchange market will help stabilise the international monetary situation," Mr. Murayama said.

The Japanese authorities have made no particular effort to stem the dollar's slide through unilateral action in the past few weeks. Instead, it has been suggested that concerted international action of some kind might be necessary to control the situation.

Japanese financial officials commented earlier this week that President Carter's anti-inflation package came too late to influence the exchange market. The measures might have been more effective, it was suggested, if they had been combined with more direct forms of dollar support, such as increased IMF drawings.

The dollar's slide against the yen has started to affect Japan's export competitiveness in the U.S. and other markets where national currencies are linked to the dollar.

● Mr. James Callaghan, the British Prime Minister, said yesterday that his Government supports the action taken by the U.S. administration in support of the dollar.

He told Parliament the measures would continue to help restore dollar stability and would put an end to recent exaggerated movements. "The Government took the view that the dollar was undervalued on any objective assessment," he said.

OVERSEAS NEWS

Arab ministers seek accord on punitive action against Egypt

BY ROGER MATTHEWS BAGHDAD, Nov. 1.

ARAB FOREIGN Ministers were today still trying to overcome differences on the crucial question of whether punitive measures should be taken against Egypt for its role in signing the Camp David accords with Israel and the U.S.

As the foreign ministers' meeting went into its final stages they were trying to agree on a document that would provide a basis for tomorrow's summit meeting.

Hardline states including Syria and Iraq and the Palestine Liberation Organisation want Egypt to be isolated economically and politically from the rest of the Arab world. But they are meeting stiff opposition from some of the conservative oil producing states, including Saudi Arabia and Kuwait, who argue that it would be counter-productive if not impossible to attempt any economic boycott. Egypt has not been invited to Baghdad.

A spokesman for the PLO said today that there were two clear trends at the conference: the first showed some outward readiness to criticise Mr. Sadat while really protecting his policy and seeking to win the participation of others. The second was totally opposed to such attitudes. "There is no room for anyone in between trying to act as conciliators," he said. "Anyone who hesitates at this moment is only helping Sadat."

But a wide measure of agreement at the summit is expected on plans to assist the eastern Arab countries and the Palestinians now that Egypt has virtually removed itself from the conflict with Israel. Iraq, the host nation, has already suggested a $9bn fund to strengthen the "confrontation" states and to attempt to lure Egypt back from signing a separate peace with Israel. It has further offered to send troops to Syria's border with Israel.

Some conference delegates think it likely that a committee will be set up to discuss ways of implementing such a scheme, but that direct measures against Egypt will not be agreed upon.

David Sutton adds from Moscow: Mr. Yassir Arafat, the leader of the PLO today met Mr. Alexei Kosygin, the Soviet Premier, for talks which were thought to be aimed at persuading Mr. Arafat to oppose hard line resolutions at the Baghdad Arab Conference.

The Soviet News Agency Tass said the talks took place in a "businesslike, friendly, atmosphere" an dthat Mr. Kosygin confirmed the "unchangeability" of the Soviet position in support of an "all embracing just settlement in the Middle East."

Begin flies to the U.S.

BY DAVID LENNON TEL AVIV, Nov. 1.

MR. MENACHEM BEGIN, the Israeli Prime Minister, said that several problems had been overcome in the peace negotiations with Egypt, but others had still to be resolved.

Mr. Begin, at Ben Gurion airport before he left for New York to receive a peace prize, said he would be holding consultations with the Israeli delegation to the Washington peace talks to help resolve outstanding issues.

Even though President Jimmy Carter will be in New York on the same days as Mr. Begin, no meeting has been arranged. The Prime Minister said he had not asked for a meeting, but will be meeting Mr. Cyrus Vance, the U.S. Secretary of State.

Israel has received clear indications that the American President is unlikely to agree to a meeting, because of his anger over Israel's decision last week to enlarge Jewish settlements in the occupied Arab territories.

However, officials say it is possible that a meeting may be arranged, depending on the outcome of the talks with Mr. Vance.

Mr. Begin reiterated his rejection of American criticism of the settlement decision. He claimed that the settlements help in the quest for peace, rather than being an obstacle to it.

He admitted that there are problems in Israel's relations with the U.S., and gave the question of the legality of Jewish settlements in occupied territory as an example. "But I am convinced that it will be possible to reach understanding with the U.S. also on this subject." Mr. Begin said.

The Israeli leader will visit California to address Jewish leaders on Saturday night, and then goes on to Canada for a six-day state visit.

Pakistan N-plant reply

BY CHRIS SHERWELL

MR. AGHA SHAHI, Pakistan's Minister of State for Foreign Affairs, left Islamabad today for talks in Paris with the French Government on its controversial sale of a nuclear reprocessing plant to Pakistan. Mr. Shahi is carrying the reply of Pakistan's military leader, General Zia-ul Haq, to President Giscard d'Estaing's September letter seeking new terms for the sale which effectively nullified the deal.

The contents of General Zia's reply are not known, but it is thought to detail Pakistan's position on the plant. France has offered Pakistan a co-processing plant instead, in which plutonium from spent fuel will not be recovered in a form suitable for nuclear weapons.

Fears of nuclear proliferation led the United States to halt much of its aid to Pakistan because of the deal, and its recent resumption is widely regarded as confirmation that the French sale is off.

AP reports from New Delhi: A young woman was killed and about 60 persons injured Wednesday in a pre-election clash of supporters and opponents of former Prime Minister Indira Gandhi.

Police fired shots into the air to disperse rival mobs in Chikmagalur district.

Mrs. Gandhi is competing for the Chikmagalur seat

Ugandan troops 'take over salient'

NAIROBI, Nov. 1.

UGANDA ANNOUNCED today that it has occupied a salient of Tanzanian territory west of Lake Victoria which it has long claimed. Uganda Radio quoted a military spokesman as saying this added 700 square miles to Uganda's territory.

Uganda has long claimed this tract of bush known as the Kagera Salient. The Ugandan announcement follows reports from Dar es Salaam, the Tanzanian capital, that the forces of the two countries are engaged in ground and air fighting in the border area. Tanzanian Government officials said today that between 2,000 and 3,000 Ugandan troops, supported by tanks and artillery, were involved in the action. Earlier Uganda Radio reports said that Tanzanian forces had occupied 400 square miles of Uganda.

Pursing rebels

Diplomats in Nairobi said that up to 3,000 Ugandan troops, with tanks and artillery, had occupied the salient since crossing the border on Monday in pursuit of rebel troops who mutinied at the town of Mbarara three weeks ago. Shortly before Uganda Radio went on the air to announce it had siezed part of Tanzania, diplomats in Nairobi said that Tanzanian officials had indicated the Ugandan military formation suggested the Ugandans were intent on holding a line along the Kagera River.

The announcement of the occupation of the salient put an end to three weeks of claims by Uganda about being invaded by Tanzania in what diplomats in the region have dubbed a "phoney war." Ugandan President Idi Amin's British-born aide, Major Bob Astles, told reporters over the telephone. "It's all over. The only Tanzanians left in Uganda are dead ones."

Radio Uganda said the occupation of the Kagera Salient was accomplished in 25 minutes yesterday after invading Tanzanians had been driven out of Uganda.

"This short operation has added 710 square miles to Ugandan territory," the Radio said in a special announcement to inform "the nation and the world at large."

The captured area would become a district of Uganda administered by it, but for the present would be regarded as a military zone. The people of the area were told they were now "under the direct rule of the conquerer of the British Empire."

Aircraft lost

Diplomats in Nairobi said that it appeared the Ugandans have used the insursion to hit at groups of Ugandan exiles living or camped near the border. Tanzania said last night that it had shot down three Ugandan planes attacking Bunoba and other Tanzanian towns in the border area. Uganda admitted losing one of its aircraft on Saturday. Tanzanian anti-aircraft forces, using gun batteries and possibly also missiles, have apparently shot down one Ugandan jet and one or two of their own. Both sides have Soviet-built MIG fighter-bombers.

Agencies

RHODESIA'S WHITE EXODUS

Emigration reaches a record level

BY TONY HAWKINS IN SALISBURY

RHODESIA'S NET white emigration figure for 1978 is expected to be the highest on record. Whatever happens politically, the exodus appears likely to continue at very high levels in 1979 — depriving the security forces of manpower and a future Zimbabwe of vital professional skills.

September's figures, released this week, show it to have been the worst month yet for white emigration: 1,776 whites "took the gap," as quitting Rhodesia is popularly known, while there were 286 immigrants, giving a net loss of 1,490.

Salisbury watches the monthly emigration figures as closely as Britain watches its monthly trade or inflation statistics. The figures are, after all, the best possible index of political and business confidence—a fact which Mr. Ian Smith repeatedly stressed in the good days, when there was an annual inflow of 8,000 or 9,000 whites.

But the significance of the figures goes far beyond their status as a "confidence index." They have direct implications for the availability of manpower for the economy and for the security forces. They also have a direct impact on productivity, on retail sales, on the property market, and on the availability of such specialist services as health and education.

Official communiques show that, so far this year, the guerrillas have lost 2,060 men in action inside Rhodesia, as well as 600 "collaborators and recruits."

The security forces have suffered 234 casualties.

To this figure must be added the net outflow (for January to August) of 1,270 white men aged from 18 to 50. The drain is most severe in the 30-to-39 age group, with a net loss of 443.

To some extent, these statistics are an understatement, since this is a net figure and many new arrivals will have no military commitment until they have been in Rhodesia for at least two years. The gross figure—of emigrants only—is far higher, showing that in the eight months of 1978 nearly 2,600 white men with a potential military commitment "took the gap."

The guerrillas, very simply, regard every able-bodied white emigrant as another security force casualty.

In absolute terms, the loss to the economy is considerable. Rhodesia's white population was estimated at 275,000 at its highest, in 1975. By mid-1978, it was down to 260,000, and the figures now suggest that it will have fallen to 252,000 by the end of this year. By contrast, the black population—growing by 3.8 per cent a year, one of the world's highest growth rates—will have risen from 6m in 1975 to 6.75m by the end of this year. Thus blacks now outnumber whites by nearly 27 to one, as against 22 to one three years ago.

But the absolute loss is not all that matters. Rhodesia is being drained of some of its best skills. Thus, there has been a net loss so far this year of 68 engineers, 66 accountants and auditors, 121 teachers, and 53 nurses. Interestingly, there has been a net gain of three doctors, as against a loss of 40 last year. Equally worrying is the outflow of blue-collar skills: the official figures show a net loss of more than 420 artisans and technicians.

The country can face the outflow of clerical and administrative workers with relative equanimity, but so concentrated are technical skills among the whites that the outflow of engineers, scientists, accountants and artisans bodes ill for the early years of Zimbabwe.

The sharp increase in emigration evident since about April this year is traceable to two main causes. First is the impact of the call-up. Most white men between 18 and 50 have a military commitment of anything from 70 days a year (for those over 38) to 120 days a year for younger men who have completed 18 months of full-time national service.

Second, and far more important, is the deep feeling that whatever the political outcome, Rhodesia/Zimbabwe will become a very different country.

The military call-up and a feeling that Rhodesia will become a very different place, whatever happens, are draining the country of its best brains.

Many of the 125,000 whites who have settled in Rhodesia since UDI 13 years ago have experienced life under black government, mainly in Zambia, but also in Kenya and Malawi. For them, once was more than enough.

Many whites are also understandably worried about their careers. What future could there be for a young white in the army, the police, the civil service or teaching? The "internal" settlement agreement of March stipulates that public service appointments will be kept free of political interference, with advancement being "on merit only." But no one really expects this policy to be maintained for very long.

But possibly the most pervasive white fear—again very understandable—is for the future of the health and education services. The Rhodesian school system has maintained extremely high standards for 53,000 white children and good standards for 826,000 black children.

Although the planned abolition of discrimination in education will replace racial criteria with an "ability to pay" criterion, the expectation is that educational standards for whites will fall. One obvious reason is that white schoolteachers may feel there are better career prospects elsewhere.

But, however great the incentives to emigrate, the disincentives are considerable. Many Rhodesians have travel documents that will take them only as far as South Africa, and the Rhodesian exchange control authorities are far from generous. They allow a family a "settling-in" allowance of only £725, in addition to personal possessions. The property market is very depressed, so that houses have to be sold at a loss.

One irony is that more than a third of the white immigrants to Rhodesia this year are returning residents. They have tried their luck elsewhere and decided that, even with the political uncertainties and the call-up, Rhodesia still offers a better home.

Despite this, the 1978 emigration figure is likely to be the highest on record, exceeding the 1977 net figure of 10,900. There may be a slight slackening in the October and November figures, but the December figure is certain to be very high, pushing the total for the year towards 12,000.

Furthermore, it is difficult to see how this deterioration could be reversed. Whatever happens politically, the likelihood is that white emigration will remain very high in 1979.

To add another irony, young blacks will be joining the exodus, to escape the call-up and the prospects of a full-scale civil war.

Bonn bolsters its Africa policy

BY ADRIAN DICKS BONN, Nov. 1.

THE WEST GERMAN Government has pledged a further DM 40m to the huge Senegal river project being carried out jointly by Mali, Mauritania and Senegal. As a result of pledges from several other lenders, President Moussa Traore of Mali told journalists here that lenders for the first stage could now go out this month.

Bonn's reaffirmation of support in a project where it has from the beginning taken the lead among Western sponsors coincides with the fresh efforts being made on a political level to strengthen German policy towards black Africa. President Traore, President Leopold Senghor of Senegal and the Mauritanian Development Minister, Mr. Mohamed el-Mactar Ould Zamel, were all received by President Walter Scheel and by Chancellor Helmut Schmidt.

West Germany's role as one of the five Western powers in the Namibia mediation has made it especially sensitive to relations with black African countries, and keenly concerned to prevent any open breach at the United Nations over sanctions against South Africa.

The Senegal River Basin project is intended to make the waterway itself navigable as far upstream as Kayes in Mali, giving the landlocked state enormously improved access to the Atlantic. It will also irrigate over 450,000 hectares of agricultural land in the three countries, which will go a long way towards making them self-sufficient in food by offsetting the drastic cyclical effects of droughts such as that of the early 1970's in the entire Sahel region.

A third element in the scheme is hyro-electric power which will be used to help exploit iron ore and bauxite deposits in the three countries as well as to facilitate other industrial projects.

The first two stages of the $600m scheme, described by President Traore as the highest priorities, are construction of dams at Djamma and at Malantani, where the hydro-electric station will also be built. The Mali President, speaking for all three members of the intergovernmental group said sufficient funds for these two projects were now in hand to go ahead. This would suggest a total of $400m has now been earmarked.

Apart from West Germany, which has already put up DM 146m in addition to its latest contribution, Saudi Arabia has promised $100m, while the other lenders include Kuwait, France, Abu Dhabi, the African Development Bank and the European Development Fund.

Herr Rainer Offergeld, the West German Economic Aid Minister, left open the possibility of a further West German share in the infrastructural investments that will be needed to get the project under way.

Kenya's police chief resigns

By Our Own Correspondent

NAIROBI, Nov. 1.

KENYA'S Commissioner of Police, Mr. Bernard Hinga, resigned today, 24 hours after his personal assistant, Superintendent David Nene.

Mr. Charles Njonjo, the Attorney General, stated recently that his life had been threatened because he supported an anti-corruption campaign launched by President Daniel Arap Moi. Mr. Njonjo attacked senior police officials in Parliament yesterday. "Corrupt officers will be rooted out. We will pull them down even if they are at the highest level."

Mr. Nene had been named in a court case in which two MPs were jailed for the theft of a consignment of coffee but was not charged with any offence.

Typhoon toll reaches 264

MANILA, Nov. 1.

THE DEATH toll from typhoon Rita climbed to 264 Wednesday, almost a week after it ravaged the eastern and central portions of the Philippines' main island of Luzon, relief officials said. Ninety-three persons were still missing.

Damage to crops and private and public property in the 13 provinces affected has climbed to 499.5m pesos ($66.6m), said a spokesman at the national disaster co-ordination centre.

He added that 313,596 families, more than 1.5m persons had been displaced.

Although the NDCC's official count listed 246 persons dead, a report received by the welfare ministry from Dinglayan municipality, Quezon province, on the eastern coast of Luzon said 18 persons died there when typhoon Rita hit land late Thursday night.

AP

S. African 'secret funds' row renewed

By Quentin Peel

JOHANNESBURG, Nov. 1.

A SPATE of revelations an allegations about the clandestin activities of South Africa former Department of Informa tion is threatening to caus deep divisions within the rulin Afrikaner establishment.

For once, both Afrikaans an English-language newspapers, f the Government and against i have joined forces in investiga ing claims that more than R20 (£11.3m) of public funds ea marked for secret projec "disappeared" into priva businesses.

The secret projects, it claimed, were the acquisition a leading U.S. newspaper, th Washington Star, for whic some R10m was earmarked, ar the subsidy of a pro-Gover ment English-language new paper in South Africa, t Citizen, for which R13m w set aside.

The press here has press ahead with inquiries, in spi of an appeal by Mr. P. W. Both the Prime Minister, to refra from speculation until a Gover ment inquiry has been co pleted. Mr. Botha has reject calls for a full judicial comm sion of inquiry as likely to del the investigation.

Controversy about th Information Departmen activities began early this ye when the parliamentary Audit General published details financial irregularities which l described as "the worst of the kind in this history of the Ci Service in South Africa." that time the irregularities we said to involve extravaga globe-trotting by senior officia and payment for contracts wi out Treasury clearance.

The disclosures caused th early resignation of Dr. Esch Rhoodie, secretary of the depa ment and architect of its poli of aggressive counter-diplomac The department was dow graded to a bureau, and th reputation of the Minister, D Connie Mulder, was affecte seriously enough to spoil h chances of succeeding Mr. Jo Vorster as Prime Minister.

The latest alegations are more serious. The Johannesbu Sunday Express first claim that the Citizen, a right-wi newspaper launched in 197 had been subsidised with publ money up to R12m. The Ra Daily Mail then claimed th an amount of R13m disappear en route to the Citizen.

The Mail stated that t money had been put into a ailing company, and co sequently the Department Information had to raise a loa in Switzerland to continue i subsidies to the Citizen.

The latest allegation, publish both in the Mail and D Transvaler, a normally staunch pro-Government paper, is th several million rand was sen the U.S. to finance the purcha of the Washington Star. Althou the attempt failed—the Star w bought by Time Magazine—th money was not returned to Sou Africa until January this ye the Mail claimed.

So far the only denials ha come from Mr. Louis Luyt, w founded the Citizen, and J John McGoff, the Americ publisher said to have bee involved in the bid for the Sta The Citizen has challenged r rival newspapers to prove the case. Mr. Botha has refused comment until his own inqui by senior civil servants has bee completed.

Sherpas don't quit, neither do their drivers.

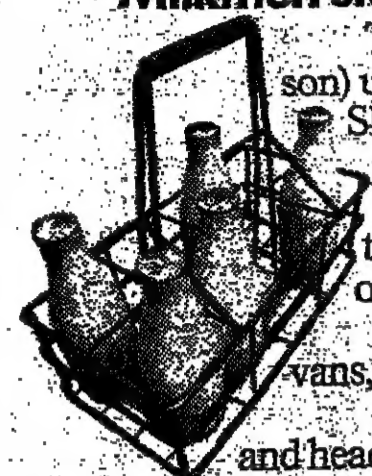
It's not just advertising

As you read what others have written and said about Sherpa you'll gather it was not easy to improve on the *best* (their word, not ours).

But the improvements are genuine. Increased payload. The engine's cheaper to maintain and service.

And the redesigned cab layout alone is a convincing argument for drivers to quit a company not using the vehicle.

Milkmen stay overnight



The David Andersons (father and son) use a Sherpa to deliver milk in the Shetland Islands.

Early on Saturday morning, 28th January 1978, they set off on their milk-round through 15 inches of snow at sub-zero temperatures.

The roads were chaos: cars, vans, trucks stuck in drifts everywhere.

After completing their round and heading for home in blizzard conditions, they too had to stop. The road was blocked by a 4-wheel drive vehicle unable to move further.

Moving the obstruction took 1½ hours.

By then visibility was down to about 3 feet.

Snow drifts encountered were reaching windscreen height. Although now only two miles from home they reluctantly sought refuge for the night in a nearby cottage. Next day, after digging out, brushing drifted snow off plugs and points, their Sherpa started first time.

In their own words: "Long live the Sherpa."

Nods from professional cynics

'Truck Magazine' reported a comparison between Sherpa, Transit, Bedford, VW and Dodge Vans.

Their conclusion (still endorsed by the magazine) "...the Sherpas were best all-rounders at the test track with consistent economy, respectable performance...".

A Sherpa Diesel is the only laden van on a 'Motor Transport' Magazine road-test to break the 50mpg barrier.

An all time record.

Sherpa, the back-up to big Macks

"If a big Mack hits trouble out east, we send a Sherpa to the rescue," stated Andrew Maclean of O.H.S., Transport, Rainham, Essex.

As long-distance truckers hauling huge tonnages with the motto 'The Reliable one in International Trucking', they can't afford an unreliable rescue van.

Their first Sherpa has now been replaced by a second.

In less than six months it has already been to places as far away as Eastern Europe at an average of 22 mpg.

"History is bunk," said Henry Ford

The Sherpa engine has a reputation amongst engineers, trade press and operators alike as one of the toughest, most rugged units ever made. That's history.

Some learn from failures. But our policy is to learn from success.

Now a good engine has been replaced by a new, even better one.

In broad terms: it's lighter, more economical, requires less servicing, is easier to service and is well in advance of today's pollution-control standards.

It is fitted with an aluminised exhaust, for far longer life – up to 40,000 miles.

Kerb weights are reduced and payloads greatly increased – by as much as 264 lbs/120 kgs.

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Don't forget the driver

The cab layout is re-designed. All switches, controls and pedals are readily to hand or feet.

A lot of head-work has gone into the seat design. A working bum needs all the comfort it can get.

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Britain's best warranty, too

Sherpa comes with Supercover. Britain's best warranty. Not that you're likely to need this – but good to have just in case.

Your Sherpa dealer can tell you more, or write to: Austin Morris Ltd., Light Commercial Vehicle Sales, Grosvenor House, Prospect Hill, Redditch, Worcestershire, B97 4DQ.

WORLD TRADE NEWS

Ship losses stay at high levels

By Ian Hargreaves, Shipping Correspondent

PANAMA and Cyprus had the worst record for ship losses last year, when the total rate of losses through accident and demolition continued at high levels.

Losses during the year amounted to 336 ships totalling 1m gross registered tons (grt), the second highest total recorded by the Lloyd's Register.

Of this, 58,000 grt or 32 ships were lost through collision, an increase on the previous year.

The age of ships continued to be an important factor in the rate of losses, with 29 per cent of the casualties aged over 25 years.

Country of registry is the other key point and the flags of convenience of Panama and Cyprus suffered most, with losses equivalent to 1.02 per cent and 1.53 per cent of their fleets respectively.

Other high risk flags in 1977 were those of Singapore (0.6 per cent loss), Greece (0.49 per cent) and Liberia (0.36 per cent).

The number of ships demolished in the year was 914, totalling 6m grt. This was a slight fall on 1976, due to reduced demand for ship scrap.

Tanker tonnage accounted for 73 per cent of the shipping sold for scrap. Taiwan was again the main breaking centre, taking 70 per cent of the tonnage sold for scrap during the year.

French join Arabs in backing Jordan fertiliser project

BY FRANCIS GHILES IN LONDON AND RAMI G. KHOURI IN AMMAN

LOAN AGREEMENTS worth $70m were signed in Amman last week to finalise the $168m financing package for one of the biggest industrial projects in Jordan, the chemical fertiliser plant now under construction at the southern port of Aqaba.

The $70m is made up of one $50m medium term credit arranged on a club deal basis by the Arab Bank, Arab and Morgan Grenfell, BAII, Banque de l'Union Européenne, Société Generale, UBAF and Wardley Middle East and a $20m loan from IFC, a World Bank affiliate.

The medium term loan carries a maturity of 10 years with five years grace. The borrower is paying a spread of ¾ per cent for the first three years, rising to ⅞ per cent for the following four and 1 per cent for the remainder. The IFC loan carries a 10 year maturity but other terms remain undisclosed.

Beyond these two loans amounting to $70m the French government and various Arab funds are providing a string of loans. *The French Government* is making available a FFr 250m loan ($52m) consisting of FFr 45m ($9.4m) development loan with 25 years maturity and three and a half years grace and an interest *rate of 3½ per cent per annum*, and FFr205m ($42.7m) export credit with 13 years maturity and a grace period of six months after the start of the commercial operation at an effective interest rate of about 9 per cent. Both these loans are tied to the procurement of French goods and services.

The completion of the financing package for the Aqaba fertiliser plant coincides with several major infrastructural advances that will allow Jordan's phosphate industry to significantly expand its production and exports.

New beneficiation plants at the country's largest phosphate mine site at Hasa will raise production there to 2m tons this year from 1.6m last year, while output from the smaller and older Ruseifa mines site near Amman will remain constant at 750,000 tons for several years to come.

Thus total output this year is expected to be 2.75m tons, compared to 1.7m last year. This will rise, according to Jordan Phosphate Mines, to 5.5m tons of total production by 1980, which is the revised target in the current five-year plan that also ends in 1980.

More significantly, however, has been the completion this year of transport, storage and loading facilities that give Jordan greater efficiency and flexibility in marketing its raw phosphate rock.

The 250 km single-track narrow-guage rail line linking the Hasa mines to the southern *port of Aqaba can now accommodate four trains per day*, for a total of 1.2m tons of phosphate per year, which will rise to 2m tons *by the beginning of next* year.

The ability to move the raw phosphate to Aqaba more quickly is complemented by the addition of two new storage sheds at Aqaba, completed earlier this year, with a total capacity of 230,000 tons, bringing total storage capacity to 400,000 tons.

New high speed loaders there and the extension of one of the two existing phosphate berths allows Jordan to handle up to 6m tons of phosphate exports per year, though this is now far above actual requirements.

Olympic in Airbus lease deal

By Charles Smith

TOKYO, Nov. 1.

OLYMPIC AIRWAYS is to lease two A-300 Airbuses from Japan under the special foreign currency financing scheme announced last summer.

The two aircraft, worth about Y70bn, will be purchased by a leasing group headed by Orient Leasing and C. Itoh and then leased back to Olympic at annual rate of 8.25 per cent of the purchase price.

This is substantially cheaper than normal commercial leasing rates. The difference is accounted for by the low rate of interest in dollar loans provided by Japan's Export-Import Bank to the leasing companies.

Olympic is the second foreign airline to decide to lease A-300s from Japan. The first company, Thai International, reached agreement in September to lease two A-300s from Nihon Leasing.

Last week Singapore Airlines joined the scheme with an agreement to lease four DC-10s from Orient Leasing and Nihon Leasing. The total value of these deals together with that of a Boeing 747 which has already been leased to British Airways amounts to over $350m.

About 80 foreign airlines are reported to have submitted leasing applications to Japan with the deadline for approvals being next March 31. The companies include several major U.S. airlines.

IRANIAN CRISIS

Uncertain future for contractors

BY PATRICK COCKBURN

THE SHARP reduction in Iranian crude exports as a result of the wave of strikes which has paralysed the oilfields in the south-east of the country has inevitably deepened the mood of despondency among the country's main suppliers.

Inevitably the news that the world's second largest oil exporter, whose non-oil exports are only $786m compared to oil exports worth $20.7bn, is no longer exporting oil creates visions of a crisis as great in magnitude as the original oil price explosion in 1973-74.

Such an apocalyptic view is much exaggerated, though the seriousness of the situation cannot be denied. Foreign companies which saw the Shah's conception of a "great civilisation" arising in Iran as potential El Dorado for contracts, had their illusions shattered more than two years ago.

The dramatic collapse of the Shah's oft-announced aspirations have served to deepen and exaggerate foreign perceptions of the extent of to-day's crisis. The oil and the reserves are still there and the fundamental financial basis for Iran's future is still intact.

Oil wealth gives the basis for future economic reconstruction, but long term optimism is hardly sufficient for foreign companies already operating within the country. The Iranian Government, as a source of information on current events, has lapsed into silence. Yesterday the official news agency was still claiming that oil was flowing at normal levels despite the admission by the BP led western oil consortium of 14 companies (controlling 90 per cent of production) that production was down to 20-25 per cent of normal.

Before the current wave of demonstrations reached their peak in the mass demonstrations in Tehran, which led to the imposition of martial law on the main cities, the financial situation was already serious.

Iran ended 1977-78 with a balance of payments surplus of $1.8bn and total foreign exchange holdings of about $10bn. The 1978-79 budget expenditure was scheduled to reach $59.27bn, an increase of 16.9 per cent over the previous year's total. To meet the rise, revenue was to increase to $57.3bn. Bearing in mind domestic and foreign borrowing the effective deficit was likely to be almost $11bn.

These figures, hardly encouraging when they were originally announced, now look even worse. They made no provisions for an increase in wages and salaries, but since martial law was imposed the Government has tried to buy off the wave of strikes which have swept through the economy by increasing pay and fringe benefits.

It is so far impossible to quantify the cost of these concessions. In addition the Government's hope that by meeting economic demands they could dissuade the strikers from pressing for political reform has clearly failed.

Part of the increase in budget expenditure was to be met by an increase in income from taxes by 46 per cent but as part of the package of reforms already offered by the Government includes a lowering of taxes in certain areas.

But it is the news that the oil itself is no longer flowing through the pipelines which has focused international attention on the future of Iran's economy more dramatically than confused wave of strikes which preceded it. Oil revenue receipts were scheduled to total $20.7bn this year, almost exactly the same as in 1977/78.

Already the revenue *from* the consortium which takes about 66 per cent of Iran's production, recently running at about 5.8m barrels a day, will be dropping from their normal level of about $1bn a month.

This must mean cutbacks in Government expenditure. The two most obvious areas to be attacked are prestige projects and military expenditure. The nuclear power programme involving the construction of 20 nuclear power stations has long been under *criticism*. Initial projections of a total cost of $30bn has since risen to $70bn. *Four power stations, costing at* least $10bn, are already under *construction* by West German and French contractors.

Defence is an even more obvious area for cutbacks on existing plans and the abandonment of ambitious programmes in the future. Defence receives 23.3 per cent or $9.4bn out of the general budget. Sophisticated aircraft systems such as the U.S. AWACS, now face an uncertain future. But given the Shah's dependence on the army to support him, he and his advisers will hesitate before making cuts in defence spending likely to cut into his popularity in the officer corps.

While confusion still surrounds the nature of cutbacks the position of foreign suppliers will remain unclear. The UK, though a major defence supplier, with total exports worth £448.7m in the first seven months of the year, has the advantage of not being involved in many major projects. Machinery and transport equipment make up £257.3m of these sales.

Japan has been gaining ground against the West Germans and the U.S., with exports running at $161m a month last year jumping to $227m in the first quarter of 1978. The Japanese have a strong advantage over the Americans of not having a heavy involvement *in defence* contracting. In the immediate future American companies are likely to be the biggest losers.

Quinton Hazell moves into U.S.

By Kenneth Gooding, Motor Industry Correspondent

QUINTON HAZELL, which claims to be Europe's largest manufacturer of automotive replacement parts, has established a subsidiary company in the U.S. with the aim of stepping up sales there from the current £2m a year to £6m by 1980.

The company expects that ultimately it will need a manufacturing base in the U.S., but it is as yet too soon to say when such a project will materialise.

Quinton Hazell's penetration of the U.S. market is possible because of the increasing numbers of European and Japanese cars on the roads there.

The establishment of Quinton Hazell Inc. at Lexington, Kentucky, will be followed by production of parts for U.S.-built vehicles at Quinton Hazell's UK plants.

Announcing the formation of the new offshoot, Mr. Ray Sollett, Quinton Hazell's chief executive, said: "The U.S. as a single market accounts for almost 45 per cent of the total world market for vehicle replacement parts and the retail after-market is expected to rise from its current level of $94.3bn to $172.7bn by 1985.

Quinton Hazell, a Burmah group subsidiary, says its total sales will rise to nearly £130m this year against £97m in 1976.

Finland in Iraq contract

BY LANCE KEYWORTH

HELSINKI, Nov. 1

ONE OF the largest companies in Finland's building sector, Oy Lohja, is to participate in the construction of two new townships in Western Iraq, near the Syrian border.

The contract with the state constructional contracting company (Secco) of Iraq includes a factory for the manufacture of building elements and the construction of 2,600 small houses. These will be occupied by the workers of the new phosphate mine that is to be opened in the area.

The value of the contract for Lohja is about FM 250m (approx. £31m). Other Finnish companies will participate in the town planning work.

The factory producing the patented Lohja Box Unit System is to start up in September next year. The machinery for the factory will be manufactured in Lohja's engineering works in Finland.

The work on municipal technology, the houses themselves and service units such as schools, hospitals and hotels will be spread over four years.

Lohja and the family-owned engineering and building company Vise Ky are already working on another Secco project in Iraq. This foresees the building of 28 occupational school complexes.

Lohja is supplying the machinery and equipment for a precast concrete element factory that it will build in Baghdad.

Agreement on Jaguar sale

By Michael Donne, Aerospace Correspondent

BRITISH AEROSPACE, the nationalised aircraft manufacturer, and the Indian Government, have now signed and will buy an undisclosed number agreement whereby the latter of Jaguar jet strike aircraft, with further production of Jaguars under licence in India. This follows the announcement of the deal in early October.

Letters exchanged between the two parties will now permit British Aerospace to start building the first aircraft to be acquired by India outright. They will also enable Hindustan Aeronautics of Bangalore, and the Indian Air Force, to start preparations to receive the aircraft, including pilot training and the setting up of manufacturing plant in India.

Although the number of aircraft is not disclosed, it is understood that up to 200 Jaguars are involved, of which about 50 will be built in the UK.

● Short Brothers and Harland, of Belfast, has won an order from Metro Airlines of Houston, Texas, for five of its SD-330 Commuter airliners.

At the same time, Suburban Airlines, also of the U.S., which already has ordered two SD-330s, has ordered two more. The total value of the two deals, including spares, is over £7m.

Dutch gas terminal approved

BY CHARLES BATCHELOR

AMSTERDAM, Nov. 1.

THE DUTCH Parliament has approved Government plans to site a liquefied natural gas terminal at Emshaven in the north-east of the country in preference to Rotterdam. The Economics Minister, Mr. Gijs Van Aardenne, rejected a proposal that the gas should be delivered by pipeline instead of by tanker and also refused to delay taking a decision until further studies had been made.

Gasunie, the national gas distribution company, has signed a 20-year contract with the Algerian state-owned company, Sonatrach, to receive 80bn cubic metres of gas, starting in 1984. Rotterdam hoped that Parliament would reverse the decision to build the terminal in Eemshaven in favour of the larger port. But the choice of a site for the terminal was hardly considered in the three-day debate which ended yesterday.

Most interest centred on attempts to prevent the landing of any LNG and to have the gas sent in unliquefied form by pipeline. The approval by Parliament of the plan means Holland can now inform Algeria which site it has chosen within the agreed time limit, Mr. Van Aardenne said.

Opponents of the plan for a terminal, who feel the gas poses a safety hazard, suggested Holland could rearrange contracts to deliver Dutch natural gas to Italy so that Holland retained its own gas and Algeria made deliveries direct to Italy.

Malaysia seeks yen base for Japan trade

By Richard C Hanson

TOKYO, Nov. 1.

MALAYSIA wants to change the system for settling bilateral trade transactions with Japan from the present U.S. dollar base to direct yen-Malaysian dollar settlements. The idea, which has surfaced since the yen began its steep appreciation against the dollar, was proposed again by officials at a Malaysian Government investment seminar here.

Malaysia runs a surplus in two-way trade with Japan, which is largely denominated in dollars. But the Malaysians complain that their real earnings from exports—mostly commodities like rubber, tin and oil—have been declining because of the dollar's decline in value. Using dollar figures, Japanese imports from Malaysia fell 3.8 per cent in the first *half of this year* from a year ago, while its imports from Japan gained 8.3 per cent.

Japan is Malaysia's largest trading partner, accounting for about 21 per cent of its external trade. According to Japanese calculations, Malaysia has had a surplus since 1970, but Malaysia's statistics show a surplus only since 1976.

Australians told of 'vast opportunities' in China

BY JOHN HOFFMANN

PEKING, Nov. 1.

VAST opportunities exist for economic collaboration between Australia and China, senior Chinese ministers have told Mr. Douglas Anthony, Australia's Deputy Prime Minister.

Mr. Anthony, who is also Minister for Trade and Resources, started a round of official talks today on developing the Australia-China trading relationship.

He is leading the biggest ever mission of Australian Government trade officials and businessmen, who will explore in the next three days Australia's prospects of participation in China's ambitious 10-year industrial and agricultural modernisation programme.

After talks with Mr. Tang Ke, the Chinese Minister of Metallurgical Industry, and Mr. Ku Ming, the Vice-Chairman of the State Planning Commission, Mr. Anthony said: "We have made an excellent opening."

In "very open and frank" discussions, the Chinese officials had explained their development policies and growth plans for agriculture and the key steel industry.

China wanted to maintain its independence and keep the trading initiative in its own hands but would not shut the door on the rest of the world, said Mr. Anthony.

Mr. Tang had told him that China would buy more iron ore from Australia and had mentioned long-term contracts—a departure from past practice. China's plan was to double steel production by 1985 to 60m tonnes a year and it would be looking to a number of countries for equipment, technology and consultancy services.

The Chinese had told him there was a vast opportunity for collaboration with Australia in these fields. Mr. Anthony has emphasised in his discussions Australia's ability to contribute technology as well as raw materials.

He said that Australia could be helpful to China in mining, exploration, port development, railways, the steel industry and by supplying dry-land farming know-how and machinery.

● The Scandinavian Airlines System (SAS) hopes to start flights to Peking next year, reports AP from Copenhagen. Frede Ahlgreen Eriksen, chief of the Danish region, said there was a strong demand from businessmen for a direct connection to the Chinese capital in the wake of expanding Danish-Chinese trade relations.

U.S. company in Irish joint venture

By Stewart Dalby

DUBLIN, Nov. 1.

A NEW plant, which will employ 250 people in Dublin, is being set up by Plastics Dress Up of California in conjunction with Ireland's Riva Products and with the help of the Industrial Development Authority (IDA).

The new project, which will involve an investment in fixed assets of £1.4m, will manufacture moulds for trophies. The moulds will be sold to dealers who will carry out the necessary assembly into the appropriate finished trophy.

The venture will be the 40th which the IDA, whose prime aim is to create jobs, has sponsored between a foreign and a domestic concern. More usually the IDA gives assistance to foreign companies setting up in Ireland independently of a local partner.

Nippon Steel coke plants deal

HOUSTON, Nov. 1.

BROWN AND ROOT, a unit of Halliburton, and Nippon Steel Corporation of Japan have entered into agreement to engineer and construct coke plants in North America.

Under the agreement the two companies will jointly offer coke plant design and construction services.

Foreigners in Vietnam bids

BANGKOK, Nov. 1.

TWENTY-FOUR foreign companies were among the bidders at Vietnam's first invitation for *foreign* tenders, the Vietnam News Agency reported.

It said the companies, from eight countries, were bidding for contracts to supply equipment for a $60m irrigation and reservoir project at Dau Tieng in Tay Ninh Province north-west of Ho Chi Minh City (formerly Saigon).

The agency said companies from Japan, Sweden, France, Britain, India, Italy, West Germany and Finland, had made bids.

Reuter

Move to help UK companies win aid-funded orders

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT is to improve contacts between the Ministry of Overseas Development and UK industry to help companies bid for orders funded by Britain's overseas aid.

The move follows an examination yesterday by the National Economic Development Council of the relevance of the Ministry's work to the Government's industrial strategy.

Mrs. Judith Hart, Minister for Overseas Development, told the council that out of £580m spent on aid to developing countries last year, £290m came back in export orders.

The aid programme for this year is budgeted at £716m.

During the meeting, Sir John Methven, director general of the Confederation of British Industry, said that industry should watch for potential orders in medium-income markets as well as in developing countries.

An early warning system should be set up to let companies know of orders stemming from British aid.

With TUC representatives at the meeting, he felt that enough was not being done to let companies know of the opportunities generated by aid.

This theme was taken up by Mr. Denis Healey, Chancellor of the Exchequer, and there are now to be talks between Mrs. Hart's Ministry, the National Economic Development Office and the confederation to see what can be done.

The council discussed the slow progress that had been made in the past two years on implementing the Warner Report on reducing the number of specifications and quality assurance schemes in the engineering industries.

As a result, some of the council's sector working parties are to hold special meetings to implement the report's proposals.

Securities Council's insider Bill plea

BY JAMES BARTHOLOMEW

THE COUNCIL for the Securities Industry has appealed to the Government to narrow the definition of "insider dealing" in proposed legislation.

The council hopes that the Companies Bill, dealing with insider trading, can be changed before it is introduced in the present session of Parliament. It is expected to be published tomorrow.

Yesterday the council proposed many changes to the July White Paper, which is the basis of the Bill.

The suggested changes reflect the council's fear that the Bill may catch entirely legitimate dealing. It does not want investors or brokers to find themselves in court because they merely made "diligent inquiries," nor their blameless dealings to be inhibited because the legislation is too wide in possible application.

"No honest man wants to be open to the allegation that he has committed an offence," says the council.

The council is concerned that the law for dealings outside the Stock Exchange may not be strong enough and that "undesirable offences" might be created.

An insider who conducts an entirely innocent transaction outside a recognised stock exchange but fails to reveal his connection with the company commits an offence," says the council.

On investigation of offences it does not want the Secretary of State to appoint inspectors, as "inquisitional methods appear to unsuitable."

It wants the investigations to be speedy.

"If the Stock Exchange and other City institutions are to be involved in a preliminary sifting of material, they will be placed in an unfair position if there are serious delays in subsequent stages."

Race clause proposed for State contracts

BY PAUL TAYLOR

THE GOVERNMENT intends to introduce a clause into Government contracts requiring contractors to prove that they are complying with race relations policy.

Mr. Mrelyn Rees, Home Secretary, said yesterday that the Government would shortly begin consultations with the CBI, TUC and the Commission for Racial Equality over its proposals.

The Government is seeking to tighten its race relations policy by introducing an active monitoring system in accordance with proposals in the White Paper on Racial discrimination.

Mr. Rees said it would enable the Government to "take a more active role in eliminating racial discrimination in employment by requiring contractors to supply on request to the Department of Employment information about their employment policies and practices."

The Government appears to have accepted the view expressed in the White Paper that it would be "an unacceptable burden" to require all contractors automatically to provide the information. Its approach would be selective.

If information collected in that way suggested that a contractor was breaking the law, the case would be referred to the Commission on Racial Equality for possible investigation.

Old Masters not bought at Sotheby's auction

A SALE of 67 very important Old Master paintings, bought in recent years by a Continental collector, met with a mixed reception at Sothebys yesterday. The auction totalled £3,596,000, plus a 10 per cent buyer's premium, but 27 of the pictures were unsold. That was probably because they were collected only recently and therefore have been on the market in the past few years.

The main disappointment was the failure of an El Greco, "St Francis in meditation with Brother Leo," which had been estimated at £300,000-£500,000. Bidding stopped at £280,000. A Van Dyck, "Princess Amalia of Solms," also failed to find a buyer, but most of the other important lots did go, often for good prices.

Digby Jones, a London dealer bidding on behalf of a client, paid £180,000 for a typical Canaletto view of Venice. A Fragonard "Le Pont de Bois," sold for £150,000 and a private American bidder paid £120,000, well over estimate, for another Canaletto, "The Bacino di San Marco." "Le Billet Doux," by Boucher, made £115,000 and Partridge Fine Arts gave £90,000 for "Fête Champêtre with a dancing couple," by Nicholas Lancret. The Heim Gallery bought yet another Canaletto for £56,000.

A feature of the sale was the good demand for "gold ground" Italian pictures of the 14th and 15th-centuries. "The Madonna of Humility" by Jacobello del Fiore, made £38,000, well above forecast, and that was the general pattern. Private buyers showed much interest.

Sotheby's also sold important prints yesterday for a total of £289,239, this time with less than 2 per cent bought in. The set of 133 plates by Piranesi for "Vedute di Roma" sold for £21,000; "The Path at the Edge of the Swamp" by Jacob Ruisdael, made £15,000; and "Abraham and Isaac" by Rembrandt, £12,000.

Christie's big event was an Impressionist auction in New York on Tuesday night that totalled £2,903,600 with less than 7 per cent unsold, a very good result for an Impressionist sale. There was an auction record of $880,000, paid by a Chicago collector for "Red, Blue and Yellow," a composition by Piet Mondrian, dated 1928. The same picture sold for $60,000 in 1966. The previous record for a Mondrian was $220,000.

Other high prices were the £220,000 for a bronze, "Fish" by Brancusi; the same for "L'Italienne," by Manet; £209,000 for a Degas pastel, "Femme se Peignant"; £143,000 for a Monet view of Westminster Bridge; £132,000 for another

SALEROOM

BY ANTONY THORNCROFT

Monet, "Les Nympheas" and another view of a London bridge, this time Charing Cross by Pissarro, realised £104,000.

In London yesterday, a pair of Dutch, ivory-stocked flintlock pistols, made about 1675, sold for £36,000 in a Christie's antique arms sale. They were bought by a Dutch collector who also paid £4,500 for a Dutch wheel-lock holster pistol. A Saxon rifle of 1593 made £9,500 and a French sporting gun, with the arms of a Russian prince, £9,000.

Phillips in Leeds sold film posters and cinema ephemera. Four posters of "Stolen Moments," featuring Valentino, went for £200.

Bonhams held two sales yesterday, a house sale at Spaniards Mount, Hampstead, which produced £20,088 and a watercolour auction, which made £9,758. Carpets were the best feature of the house sale, with a top price of £4,600 for a Kirman Rauar carpet. In the watercolours Albert Goodwin was in demand with a best price of £480 for a view of Whitby.

Government pledges jobless projections

BY ELINOR GOODMAN, LOBBY STAFF

THE GOVERNMENT has agreed to provide Parliament with what may prove to be politically embarrassing details about its unemployment projections.

It said yesterday that it had conceded to a demand from an all-party committee of MPs to publish the assumptions on which its forecasts about future spending on social security are based.

The concession, which marks another small advance in the campaign for more open government, comes after an argument last summer between the Commons expenditure committee and officials from the Department of Health and Social Security.

Officials refused to explain to the MPs why they were projecting a big increase in the cost of unemployment benefits in the current year.

The information was eventually provided by the Chancellor in a private letter to the committee. It showed that the Treasury was assuming that unemployment might rise by as much as 200,000 to 1.7m by March.

The Government said that the figure, which caused acute political embarrassment, had been superseded by a lower figure.

In their eighth report, published in the summer, the committee complained that it could not be expected to fulfil its task when such fundamental information was denied it.

Withholding such figures has formerly been defended on the basis that they are meant to be only working assumptions and that if published they might be misinterpreted as hard and fast projections.

Yesterday, in its observation on the committee's report, the Government said that in future it would provide Parliament with the assumptions about future levels of unemployment and the expected growth in real earnings on which social security expenditure figures were based.

The figures would be incorporated in the next public expenditure White Paper, with a more detailed breakdown of the full costs of unemployment.

Chambers of Commerce back Monetary System

BY COLEEN TOOMEY

A VOTE of confidence for the proposed European Monetary System was given yesterday by the National Council of the Association of British Chambers of Commerce.

Unlike the CBI working party which this month decided basically in favour of UK entry into the scheme, subject to safeguards similar to those set out by Ministers, the Association believes it is imperative for Britain to join the system next year and "fight inside the system to make sure it works."

The association helives that the chief immediate gain from entry is the discipline imposed by the system. "It is certainly arguable that unless constraints are imposed, politicians will respond to short-term pressures."

The system was not a panacea but should lead to further moves to help productive enterprises.

"The real need is to develop the Community into an effective force in international negotiations which affect our business and to ensure that artificially-created barriers to the expansion of European industry and commerce are removed."

UK faces Japanese mini-TV challenge

By John Lloyd

THE UK monopoly in the mini-television market will be broken shortly by Matsushita the Japanese electronics company.

For the last 18 months, Sinclair Radionics, the Cambridgeshire electronics company in which the National Enterprise Board has a majority stake, has produced the Microvision Pocket TV, selling at £200 or less.

Production of the Microvision has been running at 4,000 a month over the last year, with 80 per cent of the sets exported to the U.S.

Competition

To boost sales, Sinclair will introduce a Microvision for the UK only, probably before Christmas. It will sell at about £100.

It is now likely that it will shortly face strong competition from a set produced under the JVC brand, a Matsushita subsidiary. This will combine a mini-TV and radio.

The JVC set is intended for introduction to the UK market early next year, and is thought likely to be priced at about £150. However, there is some scepticism in the trade as to whether the set will reach the UK market by that date.

Bryant Holdings pays resigned director £100,000

BY JOHN MOORE

COMPENSATION of £100,000 is being paid by Bryant Holdings, a West Midlands building and property group, to a director who has resigned from it. Mr. Eric Gould was managing director of C. Bryant and Son, and held 16 other directorships in the group.

Mr. Gould, 48, has been with the Bryant group for 26 years. He was the director who represented the group in the Saudi associate company Al Aziziah Bryant Construction Company.

This, a joint-venture arrangement between Bryant and Sheikh Abdul Aziz as-Saleh, was formed in 1976 for building work in Saudi Arabia.

Last month when Bryant published its preliminary results, it disclosed that a £2.64m exceptional provision would have to be made on serious losses which the company said were sustained "on a very large contract undertaken by our associate company in Saudi Arabia."

Because of the provisions, Bryant's taxable profits for the year ending May 31 dropped from £2.66m to £614,000.

At the time, the directors expected that Bryant's share of the actual and potential losses would be considerably less than £2.6m, but thought it necessary to make ample provision.

They added: "Vigorous action has been and is being taken to restore the position."

The group's accounts are due to be posted to shareholders on November 13.

Overseas pay warning

FINANCIAL TIMES REPORTER

COMPANIES who attracted staff overseas with promises of tax-free salaries might be deceiving them. If anything went wrong with the contract, the employee might find himself answerable to the Inland Revenue, Mr. Harry Brown yesterday told a British Institute of Management symposium on sending key staff overseas.

Mr. Brown, managing director of Expatriate Financial Advisors, described advertisements that mentioned a tax-free salary as "rubbish."

"However watertight the contract of employment seems to be, you are deceiving yourself—and, more importantly, your staff—if you do not appreciate that such an advertisement could be rubbish."

Cutlery makers seek restrictions on Far East imports

BY MAURICE SAMUELSON

BRITAIN'S struggling cutlery industry called yesterday for protection against "unfair competition" from the Far East, especially South Korea.

With Far Eastern tableware accounting for almost 95 per cent of the volume of this year's market, manufacturers say that a quota should be imposed on non-EEC imports.

Over the next three years, they should be steadily lowered to 50 per cent of the market and that level should be held for five further years.

The call was issued jointly by the Cutlery and Silverware Association and the Federation of British Cutlery Manufacturers, whose disagreements have previously overshadowed their common anxieties. It was signed by their presidents: Mr. Brian Viner, of the association, and Mr. John Price, of the federation.

Mr. Price, who had frequently criticised Mr. Viner's organisation for its lack of militancy, said that quotas would provide sound ground for home investment.

Jobs, which had dropped from 25,000 20 years ago to 5,000 today, would be doubled if the proposals were adopted.

The industry also wanted "surveillance of Europe's back door," because certain Far East imports entered Britain as EEC products. Measures should also include annual assistance grants and a fund to promote UK cutlery.

The organisations called attention to a growing quantity of foreign-made tableware that was silver-plated in Britain and passed off as Sheffield cutlery.

The industry was completing a detailed survey at the request of the Government, which had encouraged the two groups to sink their differences.

"We have the sympathy of Ministers who want hard facts in order to deal with the industry as a special case," Mr. Viner said.

Mr. Price agreed that protection of the market would made tableware more expensive, but denied that the increase would be as large as the British Importers' Confederation says.

Ashley Ashwood

Sir Kenneth Cork, London's Lord Mayor elect, pictured yesterday with Miss Isle of Man (Carol Kneale), Miss Gibraltar (Rosanna Bonfante), Miss India (Kalbana Iyer) and Mickey Mouse, who is celebrating his 50th birthday.

Used car sales will rise 10% this year says Hertz

By Kenneth Gooding, Motor Industry Correspondent

ABOUT 2.5m secondhand cars will be bought in the UK this year, about 10 per cent more than last year, according to Hertz, the rental group, which claims to be the world's largest retailer of used cars.

This means that more than half the cars bought for personal driving in Britain will be secondhand.

Mr. John Sanderson, fleet director for Hertz in the UK and Europe, said that many people had turned to the used car market because of the rapid rise in new vehicle prices. Buying a one-year-old car saved an average 20 per cent on the initial purchase price.

"However, with the bargain goes the risk of buying a vehicle that has been severely damaged in an accident or has a serious mechanical fault. That is why knowing what to look for is vitally important."

Hertz has produced a free booklet containing a series of tests which any car buyer, whether knowledgeable mechanically or not, can carry out.

Warranties

The booklet says that any potential purchaser should insist on knowing the car's history, should ask about damage repair records and service history or ask for the name of the previous owner.

Buyers are also advised to ask what guarantees or warranties are offered with the vehicle. "Be clear on terms, length of time or mileage and exactly what items are covered."

● British Car Auctions sold cars worth £4.27m last week, the best seven days in the company's 30-year history. The total topped the previous record by £750,000. It included the proceeds from 34 car auctions and two heavy commercial vehicle auctions.

Two auctions at the Motor Show brought in more than £500,000 of the total; while a heavy commercials sale at Farnborough netted £255,000.

Post Office set for high profits in telecommunications

BY JOHN LLOYD

TELEPHONE USERS in the UK are making more calls than ever before, pushing telephone call growth rates up to record levels and giving an early signal of a further year of high profits in the Post Office's telecommunications business.

Over the first five months of the current financial year, users made 1.2bn trunk calls, up 138m, or 12.7 per cent, over the same period last year.

Last full year (1977-78) showed a 10.1 per cent increase over the financial year 1976-77, which was up 4.2 per cent on 1975-76, which in turn was up 1.9 per cent on 1974-75.

Provisional figures for local calls show even more dramatic growth in local calls. They are up to a total of 6.2bn over the five months from 5.6bn in the same period in the previous year, an increase of 11.6 per cent.

In the full year 1977-78, local calls increased by 8.2 per cent over the previous year.

International calls are well up, too, though the five-month rate is down slightly on the previous full year's rate of increase. Over the first five months of this year, 34.6m international calls were made, up from 27.8m over the same period last year, an increase of 25 per cent.

The full financial year 1977-78 showed a 27.5 per cent increase over 1976-77.

Subscribers calls made a profit of £412m last year, a return on capital of over 10 per cent. However, the other inland telecommunications services—telephone rentals, call boxes, telegrams and telex—all show a loss, and this depresses the final figure.

If this growth trend continues the profit on calls is likely to rise further. However, the Post Office recently accepted a target of reducing telephone costs at a rate of 5 per cent a year (before inflation), and thus will require extra growth to fulfil this aim.

Yesterday's figures on trunk calls also appeared to show that the Post Office has virtually reached the effective limit of growth in the percentage of trunk calls dialled direct by its subscribers (STD). The proportion of STD calls over the five month period was only fractionally more than last year's figure of 97 per cent.

Call to boycott EEC public tender system

BY OUR OWN CORRESPONDENT

EEC policy on tenders for public supplies would damage the Lancashire textile industry, a seminar on public purchasing in Manchester was told yesterday.

Mr. Joe Dwek, chairman of Bodycote International said the tendering system laid down by the EEC in its second directive was ineffective.

He suggested that the UK should stop advertising tenders in the EEC's official journal, "until other EEC countries come into line."

Since July it had been mandatory for purchasing authorities to advertise tenders starting at a £130,000 threshold, but the system was "open to abuse, circumvention and downright fraud, which will happen when we tender for EEC contracts." The Lancashire textile industry is pressing for a lower threshold for advertising public tenders.

Grievance procedures were "virtually meaningless as they impose no sanctions and are too cumbersome and laborious to be effective," said Mr. Dwek.

Since July the UK had advertised 20 open tenders and 142 restricted tenders. This compared with only five open tenders advertised by Belgium, 11 restricted tenders by Denmark, two restricted tenders by West Germany, one open tender by Luxembourg, and one restricted tender by France.

The seminar, organised by the British Textile Employers' Association and the Amalgamated Textile Workers' Union, heard calls for closer liaison between suppliers and State purchasing organisations.

Preece Cardew's £1m offices

Financial Times Reporter

INDUSTRIAL and Commercial Finance Corporation has made a £1m loan for the new Brighton headquarters of Preece Cardew and Rider, the international engineers working in 62 countries.

The foundation stone of the 30,000-sq-ft building was laid yesterday by Lord Seebohm, the corporation chairman.

October driest for 200 years

By Lynton McLain

DROUGHT ORDERS banning the use of hosepipes were being sought by the South West Water Authority yesterday as the London Weather Centre reported the second driest October on record.

The month was the driest since 1781. Only a sixth of the average October rainfall of 3½ inches fell in England and Wales.

The West Country was particularly badly affected, as water consumption during the month was up by 7m gallons a day compared with last year, largely because of an extra influx of tourists.

The drought orders should come into effect at the weekend. A ban on the use of hosepipes in the Penwith area of west Cornwall was introduced on Monday.

The area was facing a "very grim drought," Mr. Len Hill, chairman of the authority, said yesterday.

Rainfall in some parts of the region was about 20 times lower than average last month. Taunton had less than 4mm compared with the average for October of 65mm.

New mine equipment has '50% failure rate'

BY DAVID FISHLOCK, SCIENCE EDITOR

THE AVERAGE failure rate of new coal mining equipment tested by the National Coal Board's engineering laboratories was 50 per cent on its first showing, Mr. Peter Tregelles, director of the board's Mining Research and Development Establishment, said yesterday in the annual report on his £15m research programme.

Mr. Tregelles claims, however, that his testing programme is producing dramatic improvements.

He cites the cutting life of coal shearer loaders—the main coalface machines—which over 15 years has improved threefold. They now cut 300,000 metres between overhauls.

Half the shearer loaders reached this figure without failure, and the best continued to 500,000 metres.

The target was to increase reliability to the point at which a machine could cut an entire coalface — 2m metres — without overhaul.

The performance of the new generation of Coal Board coal-cutting machinery was being disclosed through the dramatic improvements in productivity since incentives were introduced.

Mr. Tregelles points to an extra 1.5m tonnes of deep-mined coal above forecast output, and to an increase in face productivity from 7.95 tonnes per manshift in the first quarter of last year, to 8.55 tonnes in the first quarter of this year.

One of the key problems for medium-term—five to 15 years—research and development in coal mining was the steering of the Anderton shearer loader, a vital requirement for remote mining. A UK idea will reach prototype stage by the end of the year.

Other problems were in automatic tunnelling, mine transport, environment control, and geological prediction of coal-seam conditions.

Mining Research and Development Establishment Annual Report 1977-78. Available from the National Coal Board.

Self-employed federation to fight VAT ruling

BY JAMES McDONALD

THE NATIONAL Federation of Self Employed is to fight a High Court ruling that restricts the rights of appeal for small businessmen, mainly in the second-hand or antiques trades, against their assessments for VAT.

It concerns the experience of Mr. Joseph Corbitt, a Newcastle coin dealer, and is regarded by the federation and by the Customs and Excise as a test case.

The High Court ruling in June, when Mr. Corbitt's costs were paid by the Customs and Excise, was that if the Customs and Excise consider that a trader has not kept adequate records for a special scheme of assessment he cannot appeal against the decision to a VAT tribunal.

Mr. Corbitt was asked to pay an extra £2,800 in VAT after the Customs and Excise had decided that he had not kept proper records.

His argument, and that of many other second-hand dealers, is that in most cases, members of the public refuse to sign receipts for goods sold and so records are inadequate.

The federation is to finance Mr. Corbitt's challenge to the ruling in the Court of Appeal, "and if necessary it will be taken to the House of Lords," it said yesterday.

Gallaher to spend £7m on Belfast factories

BY OUR BELFAST CORRESPONDENT

GALLAHER, the U.S.-owned tobacco group, is to begin a £7m modernisation of its Belfast factories next year. A large part of the cost will be met by the Government.

The three-year programme to modernise the production of cigarettes and pipe tobacco could mean up to 300 redundancies among the company's 2,500 workers.

Gallaher says, however, that a continued growth in sales could offset this.

The latest investment is a continuation of plans first announced in February last year. The company said then that it intended to spend £2m in Belfast and £6m at its factory in Ballymena, 30 miles away, where another 2,500 are employed.

The Belfast improvements were postponed because of market pressures. Now modernisation at the Ballymena plant has used up the original £8m, so the company has thought again about its future in Belfast and committed further capital.

Gallaher and the Northern Ireland Department of Commerce are still negotiating the exact level of aid, but the company said yesterday that it should be about £3m.

The company, part of the American Brands group, has told the unions involved that any reduction in jobs would be achieved through natural wastage and voluntary redundancies during the three-year modernisation.

Mr. Stuart Cameron, deputy chairman, said that the new Belfast complex would be the most modern and efficient tobacco factory in Europe.

Lord Greenhill to retire

BY SUE CAMERON

LORD GREENHIL of Harrow is to retire as a Government appointed director of British Petroleum on November 7, his 65th birthday.

Lord Greenhill, one of the two Government-appointed directors on the BP Board, has held the post since 1973. His successor is expected to be named shortly.

The greater part of Lord Greenhill's career has been spent in the foreign and diplomatic services, which he joined in 1946.

In 1969 he became Permanent Under-Secretary of State at the Foreign Office and head of the diplomatic service.

While in the Foreign Service he was twice sent to Rhodesia as a special envoy. The first time, in 1973, he went "to assess the position," and the second time at the beginning of 1976, he went on an exploratory peace mission.

Yesterday the Treasury said the Bingham report on how BP broke Rhodesian oil sanctions had nothing whatever to do with Lord Greenhill's retirement.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1970=100); retail sales volume, retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1977							
2nd qtr.	105.5	102.4	106	102.5	222.0	1,330	163
3rd qtr.	106.3	103.2	106	104.3	234.2	1,413	151
4th qtr.	105.8	102.0	107	104.4	239.4	1,431	157
1978							
1st qtr.	107.0	102.3	110	106.3	246.0	1,409	188
2nd qtr.	110.5	104.2	106	108.0	254.2	1,367	213
May	109.6	102.9	115	108.4	255.2	1,366	210
June	111.0	105.0	100	108.7	257.3	1,365	217
July	110.2	104.1	107	111.4	265.8	1,371	211
August	110.7	105.0		111.8	270.3	1,392	209
Sept.				110.5		1,378	219
Oct.						1,360	228

OUTPUT—By market sector: consumer goods investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1977							
2nd qtr.	104.1	97.7	115.9	98.9	102.4	100.8	25.1
3rd qtr.	104.2	98.7	116.5	99.8	107.7	101.2	23.4
4th qtr.	104.6	97.5	114.3	98.6	95.2	100.1	20.7
1978							
1st qtr.	105.0	99.9	116.2	100.9	95.4	97.0	17.8
2nd qtr.	106.5	99.6	121.7	101.1	108.3	98.4	26.7
April	107.0	99.0	123.0	102.0	107.0	102.0	25.4
May	105.0	100.0	120.0	101.0	106.0	96.0	25.1
June	107.0	100.0	123.0	101.0	112.0	97.0	29.6
July	104.0	101.0	123.0	101.0	113.0	100.0	23.6
August	108.0	101.0	122.0	103.0	96.0	101.0	20.2

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1977							
2nd qtr.	118.0	109.6	−763	−297	−745	100.3	14.9
3rd qtr.	124.4	106.6	+ 31	+574	−602	101.0	13.4
4th qtr.	117.6	102.7	− 5	+507	−657	102.4	20.39
1978							
1st qtr.	119.9	114.1	−612	−317	−646	104.9	20.63
2nd qtr.	122.2	109.6	−135	+198	−420	104.5	16.75
May	119.2	113.8	−227	−116	−115	105.2	16.66
June	121.6	111.3	−100	+ 11	−116	104.2	16.54
July	127.0	115.8	−132	− 57	−229	104.5	16.74
August	124.9	111.4	+ 57	+132	−104	105.7	16.4
Sept.	126.7	120.9	−194	−119	−176	105.6	16.51

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1977							
2nd qtr.	24.8	14.9	5.5	+769	1,290	1,047	8
3rd qtr.	28.0	10.4	20.3	+365	1,084	1,149	7
4th qtr.	23.2	12.6	8.7	+698	1,565	1,189	7
1978							
1st qtr.	24.3	23.8	17.5	+1,791	1,049	1,260	6½
2nd qtr.	8.5	15.7	24.6	+2,853	694	1,393	10
June	8.5	15.7	24.6	+310	147	459	10
July	9.3	9.5	35.0	+110	200	458	10
August	5.7	1.6	15.8	−294	200	493	10
Sept.	16.8	5.3	8.5	+704	346		10
Oct.							10

INFLATION—Indices of earnings (J 976=100); basic materials and fuels, wholesale prices of actured products (1975=100); retail prices and food r (1974=100); FT commodity index (July 1952=100); tr ighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	oods*	FT* comdty.	Strlg.
1977							
1st qtr.	129.9	146.3	152.0	195.8	203.8	242.27	61.5
2nd qtr.	114.5	149.5	138.3	181.9	191.1	249.7	61.0
3rd qtr.	116.1	146.4	142.9	184.7	192.1	239.9	61.8
4th qtr.	119.9	142.2	145.8	187.4	193.3	234.2	63.3
1978							
1st qtr.	123.1	140.2	149.2	190.6	197.3	238.61	64.6
June	133.1	147.0	152.7	197.2	206.7	242.27	61.3
July	133.6	145.8	153.8	198.1	206.1	237.68	62.1
August	131.6	144.2	154.8	199.4	206.2	248.54	62.4
Sept.		145.0	155.5	200.2	206.3	253.74	62.7
Oct.						265.22	63.1

* Not seasonally adjusted.

HOME NEWS

Top economist condemns Government's optimism

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RECENT cautious optimism of forecasters and industry about the prospects for the British economy is challenged today in a gloomy analysis from economist Mr. Wynne Godley.

Mr. Godley, director of the Department of Applied Economics at Cambridge, highlights the continued rapid growth of imports of manufactured goods.

He writes in the regular economic review of stockbrokers Vickers da Costa: "What we are witnessing is precisely what everyone who has thought seriously about Britain's strategic problems has predicted and feared.

"While not totally ignoring some achievement in exports and some recovery in investment, the central fact is that North Sea oil is being used, not to lay the foundations for regeneration of the economy, but to finance an expansion of imports to feed an essentially consumer oriented boom.

"So far from regeneration, the presumption must be that British industry is losing out fast to foreign competition."

A section entitled "where will it all end?" notes that there are no obvious constraints in sight.

"The important point is that the improvement in the trade balance provided by oil is nowhere near its peak yet. We can look forward to several more years of expansion.

Pitiable

"It will be possible to use this for continued expansion of consumption, albeit at the cost of industrial depression (with, of course, a highly uneven incidence) for a considerable further period to be measured, I would guess, in years rather than months.

"It would appear that almost all the diverse pressures which come to be exercised on our policymakers will work strongly in favour of existing policies, and their continuation is certainly what I now expect."

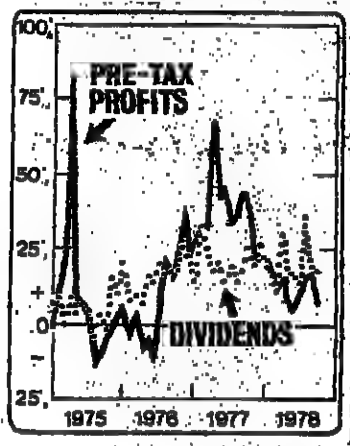
He would go on drawing attention to the "pitiable condition we shall find ourselves in if the trends in trade continue when the contribution of North Sea oil levels off, and more particularly, when and if it begins to fall."

Mr. Godley challenges what he describes as the complacency of Mr. Denis Healey, the Chancellor, about the trade performance.

The growing contribution of North Sea oil was masking a sharp rise in manufactured imports.

The latest available figures suggested that manufacturing output was probably running about 2 to 3 per cent up on a year earlier, but his own estimates showed an increase in imports of manufactured goods (both finished and in total, though excluding erratic items) of 16 per cent, against an increase in exports of only 6 per cent.

"Indeed, more recent short-term data indicates that the gap between import and export performance is widening," Mr. Godley says.



Reports from 60 public industrial companies were published last month and showed a marked slowdown in pre-tax profits growth.

The rise, at 5.9 per cent on last year's figure, compares with near-16 per cent gains in August and September and with last quarter's monthly average rise of 13.8 per cent.

Dividend costs, however, held up reasonably well with a rise of 16.8 per cent on the year-ago figure as against 18.4 per cent in September.

Rail travel cheaper businessmen told

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

BRITISH Rail yesterday launched a £40,000 campaign to convince businessmen that Inter-City train travel is cheaper than either car or air.

A handbook is being distributed to 80,000 company managers, describing the range of rail services for the businessman, from hotels to hovercraft.

The handbook says it costs between 9p and 15p a mile for a company to pay for car travel, compared with only 8p per mile for first-cass rail travel, and 5p second class.

The Leeds-London journey, for example, works out at £45.60 by car, compared with £29.50 first-class rail. The London-Glasgow first-class return fare of £50 compares with £66 for the air shuttle.

This is the second edition of the business executive handbook. British Rail believes that the first campaign was partly responsible for the growth of Inter-City business in the last two years. There has been a growth of 6 per cent this year.

Shoppers' bus

A "SHOPPERS' CIRCULAR" bus service for West End shoppers and tourists is to be introduced in the spring, London Transport said yesterday.

It will use two-man buses to link the West End shopping area with Knightsbridge and Kensington, and serve such stores as Selfridges, Debenhams, John Lewis, Liberty's, Hamleys, Simpson's, Fortnum and Mason, Harvey Nichols, Harrods and Barker's.

Airport traffic up 26%

By Michael Donne,

PASSENGER traffic at the seven airports owned by the British Airports Authority rose by more than 26 per cent in September to over 4.13m, compared with the same month of last year. The airports are Heathrow, Gatwick, Stansted, Prestwick, Glasgow, Edinburgh and Aberdeen.

But the increase was distorted because UK air traffic control assistants strike, and the withdrawal of some British Airways' aircraft because of technical problems, cut the volume of air traffic in September last year.

Allowing for this, the British Airports Authority says the true increase in traffic was more like 10 per cent, following closely the trend set in each month this year since May.

For the past 12 months as a whole, passenger traffic at Heathrow has risen 8.8 per cent over the previous 12 months, to over 25.6m, and at Gatwick by 17.5 per cent to over 7.5m.

Shetlands to replace harbour director

BY OUR SHETLANDS CORRESPONDENT

A DIVIDED Shetland Islands Council, possibly Britain's richest and most powerful local authority, has quashed all attempts to ask Captain George Biro, its Director of Ports and Harbours at the £750m oil terminal at Sullom Voe, to reconsider his resignation.

Captain Biro resigned in September after Mr. Ernest Urquhart, the council's chief executive, publicly criticised a report by Captain Biro describing staffing difficulties at the port, which is to receive its first oil next month. Mr. Urquhart has described Sullom Voe as the "Rolls-Royce of ports."

The report said that it was hard to staff Sullom Voe adequately within a local authority framework because salaries were tied to local government levels. The port has failed to attract marine officers of considerable experience and calibre.

Captain Biro, aged 56, ports and harbours director for the past four years, has consistently denied that he wanted the port run by an outside body. He said that there were difficulties at Sullom Voe and he felt that the council should be more flexible in its running of the port.

Some councillors, angry at the manner of Captain Biro's resignation and concerned that the council was losing an important director, had attempted to bring pressure on the council to ask Captain Biro to reconsider his position.

On the casting vote of the convenor, it was decided not to ask Captain Biro to think again. At no time was he given any opportunity to put his case to the full council.

Captain Biro's assistant, Captain Bert Flett, has also resigned, but is to become pilot-master at Sullom Voe.

Trustee banks raise charges

BY MICHAEL BLANDEN

THE TRUSTEE Savings Banks are increasing their charges for current account customers who fail to qualify for free banking.

From November 21 the charge for withdrawals — cheques, standing orders and direct deposits — will rise from $2\frac{1}{2}$p to 5p a time for those of the banks' 1.5m cheque account customers who fail to maintain a minimum balance of £50 during each half-year.

Those who keep the balance of their account above this level will continue to receive free banking. The new tariff does not apply to Northern Ireland.

The move comes as the big clearing banks are also raising their charges and thus leaves the Trustee Savings Banks still considerably cheaper.

However, National Girobank, in a move to expand its own personal banking business announced this week that it was offering free current account services to all personal customers as long as they remained in credit.

The increase in Trustee Savings Banks cheque account charges is the first since they began introducing this service in 1965.

Seat belts Bill may appear by Christmas

By Ian Hargreaves, Transport Correspondent

A BILL to compel travellers in cars and light vans to wear seat belts may be expected during this Parliamentary session.

Although the Queen's Speech yesterday contained no reference to seat belts, a Bill is being drafted and might be presented to Parliament before Christmas.

Its timing will depend upon how fast other measures in yesterday's programme can be brought before the House.

Although the Bill will reawaken the familiar obections about infringement of personal liberty, there is optimism within the Department of Transport, which has consistently supported a tougher line on seat belts, that thet Bill will succeed this time.

The last attempt at legislation was two years ago. It failed during its final reading because of a poor turnout among the Bill's supporters. At its second reading it had a majority on a free vote of more than 100.

The Government is spending about £1m a year on advertising to persuade travellers to wear seat belts but in built-up areas, where the accident rate is highest, scarcely more than one traveller in four wears belts. On motorways the figure is more than double that.

Unions attacked on jobs

BY JASON CRISP

THE UNIONS were too occupied with preserving jobs, rather than creating them, Sir David Orr, Unilever chairman, told the British Institute of Managements' annual lunch yesterday.

He accused the Government of sacrificing long-term objectives to short-term expedients, like patching up the pay policy and trying to "cobble together" an Industrial Democracy Bill.

"So the initiative and responsibility come back to management more than at any previous time in our history. We need the co-operation of the unions, the help of the Government. But it is for us to take the lead," he said.

Nowhere was Britain's defensive attitude more apparent than its attitude to the European Economic Community. Sir David criticised both major parties for failing to encourage their best people to stand for the European elections.

● Mr. Lesley Tolley, BIM chairman, warned there was "just a little time left" in which to reverse the decline into economic chaos. He told the London branch of BIM that the country had the knowledge and resources but needed to find the will and determination to do so.

THE QUEEN'S SPEECH

Sanctions 'busting' debate sought

MPs PROTESTED in the the Commons over the Government's failure to arrange a debate to deal exclusively with the Bingham Report on Rhodesian oil sanctions-busting.

The new Parliamentary session had barely started before Mr. David Steel, Liberal leader, was on his feet complaining about this omission.

He feared the report would be submerged in the general debate on Rhodesia which is itself part of the seven-day debate on the Government's new legislative programme. Outlined in the Queen's Speech.

"The issue raised by the report is whether Ministers on both sides did at some time in the past conceal the full facts about sanctions from this House," Mr. Steel said.

He warned against any action which might suggest that the Commons was being denied the opportunity of expressing a clear view on the matter.

Mr. Hugh Fraser (C Stafford and Stone) supported Mr. Steel. Great danger existed of the Bingham report getting confused with general Rhodesian issue

He demanded a guarantee from the Government that a full and separate debate on Bingham would be held.

Firm backing

Mr. Eric Heffer (Lab. Walton) also called for a separate debate on Bingham. It was the general view of the House that there should be a special debate on the report, "so that we can formulate our views and decide what action we should take."

The debates on the Government's legislative programme for this, the final session of the present Parliament, are today, health; tomorrow, education; Monday, Home Office affairs; Tuesday and Wednesday, Rhodesia; Thursday, economic affairs.

Firm backing for pay policy came in the first backbencher's speech on the Government's programme.

Proposing the Loyal Address—MPs' traditional "vote of thanks" for the Queen's Speech, and approval of the Government's proposed programme — **Mr. Cledwyn Hughes** (Anglesey), Parliamentary Labour Party chairman, said he could see no real alternative to "reasonable control of incomes.

Shipping Bill

For the proposals set out in the Queen's Speech, Mr. Hughes particularly welcomed the plan for a Merchant Shipping Bill, which he said would help marine pollution.

He called for a full and early Government statement and a debate on the subject, following several "unpleasant experiences" over the past few months, including the recent Christos Bitas incident.

Mr. Ian Wrigglesworth (Lab., Thornaby), seconding the Loyal Address, said he welcomed the fact that the Government was committed to pursue every available means of achieving full employment.

'This winter is make or break'

BY PHILIP RAWSTORNE

THE LABOUR Government is not going to end the final session of this Parliament with a whimper—nor is it merely going to fade away. Mr. James Callaghan made that clear enough yesterday with a confident and determined return to the Commons.

The Prime Minister came with a full programme: and banging the Despatch Box until it hurt, he showed he meant business.

Overcoming inflation was paramount, Mr. Callaghan declared. The Government's policies might resemble the three legs of a stool—incomes restraint, monetary curbs and taxation—but it would ensure that stability prevailed.

"I cannot be pushed off this. It is absolutely vital to the future of the Government and the country," he told the disaffected Mr. Eric Heffer.

The Government believed that a 5 per cent limit on pay would preserve the economic balance. But if that leg were broken—and here he had some harsh words for Ford's willingness to break it—Mr. Callaghan warned sternly that the others would have to be strengthened.

That would tilt the balance towards higher taxes, increased interest rates, and less public spending. The Government would not abandon its basic policy, he repeated fiercely. "This winter is make or break time." The fainthearts had better make up their minds which side they were on.

Mr. Callaghan, of course, has already made careful efforts to help some of the minority parties to make up their minds.

The Scottish Nationalists had been wooed not only with more money for the Scottish Development Agency but a firm date for the devolution referendum.

The Welsh nationalists, also promised more money for their industry, had even been allocated funds to educate more Welsh-speaking druids. Ulster Unionists were persuaded to abandon any ideas of opposition with legislation to increase their membership at Westminster.

With so firm a Commons base established, Mr. Callaghan could afford to joke that he wished he were as certain about anything as Mrs. Margaret Thatcher appeared to be about everything.

The Tory leader's certainty, however, included her lack of prospects of bringing the Labour Government to a premature end.

She did not know when it would go, she admitted. "I accept that I cannot bring it about in any way." Labour MPs cheered that confession, and perkily gave Mr. Edward Heath the credit for extracting yet another from his leader.

Mrs. Thatcher — bleakly conceding in passing that it was possible to be friendly with political opponents without being disloyal, emphasised that inflation would never be reduced without strict monetary policy. "Never, never," she declared flatly.

But, with a nod in Mr. Heath's direction, so to speak, she added: "That does not mean you can abandon wage restraint. Of course it doesn't." Still, Mrs. Thatcher was certain that the 5 per cent limit was too rigid to stand up to the pressures.

Too much time had been spent anyway on avoiding economic decline, rather than lifting the country to success, she said. But then, if there was one thing that was sure, it was that where there was a Labour government there would always be poverty.

We stick by 5% pay limit says Callaghan

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A FIRM declaration that the Government is determined to stick by its 5 per cent wages policy was given to the House by Mr. James Callaghan, the Prime Minister, in opening the Queen's Speech debate for the Government.

He coupled this with a warning of the tough monetary and fiscal policies that the Government would be forced to introduce — including the possibility of increases in taxation and higher interest rates — if the unions forced through irresponsible wage claims.

The Government had a responsibility to see that the level of increases was in line with the need to control inflation, he emphasised. We had to keep inflation emblazoned on our banner as the main evil that had to be overcome.

Measures

"I cannot be pushed off this. Nothing that has been said in discussions with many groups can alter our view that the best figure is 5 per cent."

Appealing to the unions to show moderation in the months ahead, he said that this winter would be "make or break" on the economic front for Britain.

The Prime Minister strongly endorsed the latest package of measures announced by President Carter to support the dollar.

In addition, he called for a reform of the present international monetary arrangements in order to deal with the problem of the large amount of "footloose money" passing across the world's exchanges.

Last year had been one of economic progress for the UK, Mr. Callaghan went on. The financial recovery of 12 months ago had led to this year's economic growth and to our level of inflation being reduced to the average of other major industrialised countries.

As a result of this stability, industrial investment had increased and the forecast was that this would be maintained. If there were excessive wage settlements, however, there will be less funds for new plant and machinery.

Our economy was growing at a reasonable rate, faster than the average for the EEC. Unemployment had fallen slowly and we had continued to increase our share of world exports of manufactured goods.

There were derisory jeers from the Opposition when he declared: "Our people are better off than a year ago. There are higher earnings, lower taxes and a reduced rate of inflation."

The question was whether Britain had the will to maintain the policies that had achieved all this.

Mr. James Callaghan

The grave danger was that we would all act as if the threat from inflation was no longer of major importance. For its part, the Government totally repudiated such an attitude.

Overcoming inflation was the Government's policy for sustained growth, improving employment and living standards. In these matters, the Government had a responsibility to give a lead to the country.

He did not scorn the arguments over incomes policy now taking place between Mr. Edward Heath, the former Prime Minister, and other members of the Tory Front Bench. There was an argument going on in the Labour Party too.

Important

A limit on earnings increases had an important part to play in keeping down inflation and the Government had a responsibility to say what the limit should be.

Monetary and fiscal policies also had a part to play. It had to be a three-legged stool; incomes policy, monetary policy and taxation policy.

If one of these was weakened then the other two would have to carry more weight. If too much weight was put on one leg, then the whole stool might collapse and counter-inflation policy with it. All three elements had to work in harmony to overcome inflation.

Britain had the choice of keeping inflation low, sustaining growth, increasing output and overcoming unemployment. If we did not control inflation, then we could not improve our public services, jobs would be cut, exports reduced and our home market would be more open to foreign competition.

Guideline

Nevertheless, the Government was fully aware of the danger of stating a single figure for wage increases. Some unions might then see the need to exceed the figure.

Mrs. Thatcher had raised the question of whether the wage guideline should be an average or a norm. But if you did say it was an average, then what would happen if Ford gave a 15 per cent pay increase?

Who was going to get nought per cent to make up for the Ford settlement? He suggested that the Opposition seemed to be saying that Leyland should then get nought per cent.

Addressing himself to the Ford management, Mr. Callaghan went on: "Ford's have a public obligation, they have a public responsibility to state clearly what impact on their prices this proposed wage settlement will have.

"They have a public responsibility to the country to account for any price increase they propose to make during the next 12 months. The sooner they say that the better."

Rigid incomes policy doomed—Thatcher

BY IVOR OWEN, PARLIAMENTARY STAFF

THE GOVERNMENT'S attempt to operate a rigid 5 per cent norm in the current pay round is doomed to failure, **Mrs. Margaret Thatcher**, the Opposition leader, told the Commons yesterday, when she restated the Conservative party's approach to incomes policy.

Speaking in the debate on the Queens' Speech, which opened the final session of the present Parliament, she accepted the need for continuing restraint in pay settlements.

But she insisted that this should be achieved by strict control of the money supply and the operation of other policies which created the right climate for responsible collective bargaining.

Mrs. Thatcher went some way towards reducing the differences which have recently emerged between the shadow Cabinet and **Mr. Edward Heath** on incomes policy by returning to the arguments used in the Conservative policy document The Right Approach to the Economy and acknowledging that all governments must take a view on what the nation can afford in additional wage costs.

"None of this is in dispute," she said. "What is in dispute is whether that figure is an average, or whether it becomes a norm.

"I say very strongly indeed that in our view that figure is an average and ought never to be a norm, except in conditions of emergency."

With Mr. Heath listening intently from his corner seat below the gangway, Mrs. Thatcher went on to argue that the stage had now been reached where the rigid 5 per cent limit advocated by the Government—and which the former Conservative leader has strongly supported—could not and would not hold.

But, the Opposition leader stressed, this did not mean that all wage restraint should be abandoned. "Of course it does not," she declared.

Mrs. Thatcher coupled her prediction that the 5 per cent policy would fail with a warning that people should not demand 5 per cent for nothing. This would be the ultimate recipe for inflation.

Bargaining

Increases in wages, she insisted, must be financed out of real increases in production.

The Opposition leader suggested that the return to responsible collective bargaining would be assisted by the Government agreeing to finance postal ballots where these were wanted by trade union members.

But she made it clear, under questioning from **Mr. Eric Heffer** (Lab. Liverpool Walton) that she had no wish to seek to revive the compulsory ballot provisions of the Industrial Relations Act introduced by the last Conservative Government.

While underlining the importance of checking abuses of trade union power and encouraging moderate opinion, Mrs. Thatcher rejected any return to the "who governs Britain?" controversy of 1974.

In words which seemed to be primarily aimed at Mr. Heath, she declared: "I believe things have changed very much since February 1974.

Mrs. Thatcher complained that because so much attention had been directed in the past to wage restraint, not enough had gone to encouraging higher production

Too much time had been spent in analysing the reasons for Britain's economic decline and not enough in analysing the recipe for success employed by our European neighbours.

Their production was far higher, they enjoyed a higher standard of living and paid less tax. Differentials had been maintained, and there had been no wage explosion like that experienced in Britain.

Amid Tory cheers, Mrs. Thatcher accused the Government of having failed to place sufficient emphasis on wealth creation and of concentrating on redistributing existing wealth.

Before the ending of the seven-day debate on the Queen's Speech, the Opposition would seek to censure the Government for its general handling of the Rhodesia problem.

Fight against evil of inflation will go on

THE QUEEN said when opening Parliament yesterday: "I look forward with great pleasure to receiving the President of Portugal and Senhora Ramalho Eanes on a State visit in November, to visiting the countries of Eastern Arabia and Iran during February and March, 1979, and to paying a State visit to Denmark in May.

"I hope to be present in Lusaka on the occasion of the Commonwealth Heads of Government meeting.

"My Government will continue to safeguard the nation's security and make a full contribution to the North Atlantic Alliance and the improvement of the alliance's defence; they will continue to search for ways of developing constructive relations with the Soviet Union and the countries of Eastern Europe; and they will seek the fulfilment of all the provisions of the Final Act of the conference on Security and Co-operation in Europe by all the signatory states.

"Negotiations with the United States and the Soviet Union on a comprehensive nuclear test ban will be continued and My Government will work for more substantial progress on mutual and balanced force reductions in central Europe.

"My Government will continue to play a full and constructive part in the development and enlargement of the European Economic Community.

Support

"My Government reaffirm their commitment to the United Nations and their support for its peace-keeping role. They will work for a fair settlement in Cyprus and will support all endeavours to ensure a just and lasting peace in the Middle East.

"My Government will make every effort with the United Nations to achieve peace and justice in Southern Africa.

"In Rhodesia, they will continue to strive, with the United States, to achieve a ceasefire and a negotiated settlement, involving all the parties, which will be acceptable to the people of Rhodesia as a whole.

"In Namibia, they will maintain their effort to secure free and fair elections and independence in 1979, under United Nations auspices.

"My Government will continue to play an active part in the development and strengthening of the Commonwealth.

"They will make every effort to promote successful co-operation between industrialised and developing countries for the benefit of both.

"They will make every effort to tive, and increasing programme of assistance to developing countries, and in particular will direct help towards the needs of the poorest peoples of the world.

"Members of the House of Commons, estimates for the public service will be laid before you.

"My Lords and Members of the House of Commons, My Government's economic policies will continue to be directed to overcoming the evils of inflation and unemployment, the two most serious social problems facing the nation today, and to sustaining the growth of output which is now under way.

My Government will pursue every available means of moving to full employment. They will continue to play a leading part, with our international partners, in seeking an end to the worldwide recession.

"They will pursue every available means of moving to full employment. They will continue to play a leading part, with our international partners, in seeking an end to the worldwide recession.

"Building on the stronger domestic economy now established and using the benefits of North Sea oil further to improve long-term recovery, they will vigorously pursue their policies designed to promote the *success of industry and to increase productivity*.

"In all these matters, My Ministers will co-operate closely with the Trades Union Congress and the Confederation of British Industry.

"New ways will be sought to help small businesses. Special encouragement will be given to the education and training of young people and others to safeguard and increase the supply of skilled manpower.

"Legislation will be introduced to provide additional finance for the National Enterprise Board and for the Scottish and Welsh Development Agencies.

"Following continued consultations with industry, legislation will be introduced to improve arrangements for compensation of workers on short-time, and to reduce redundancies at times of high unemployment by encouraging the alternative of short-time working.

"Social justice and racial tolerance will be promoted through My Government's social policies. The partnership between the Government and the local authorities in inner city areas will be pressed forward. A Bill will be introduced to improve the funding of schemes designed to help ethnic minority groups.

"My Government will seek to ensure that respect for the law is maintained, and will give full support to strengthening the police service. Every effort will be made to recruit the aid of the whole community to defeat crime and vandalism.

"In Northern Ireland, My Government will maintain their efforts to establish a form of devolved government acceptable to all sections of the community and to ensure that those responsible for violence are brought to account before the courts.

"My Ministers will work energetically to improve living standards and increase opportunities for employment.

"A Bill will be introduced to increase the representation of Northern Ireland in the House of Commons, in accordance with the recommendations of the Speaker's Conference.

"My Government are resolved to strengthen our democracy by providing new opportunities for citizens to take part in the decisions that affect their lives. A number of the following measures include provisions for that purpose.

"Draft Orders will be laid early in the Session to provide for referenda on devolution to Scottish and Welsh Assemblies, to be held when the new electoral registers are available.

Following further consultation on the proposals in the White Paper on Industrial Democracy, legislation will be introduced to ensure that employees and unions are able to participate in discussions of corporate strategy, and to provide in due course for employee representation on company boards.

"The proposals set out in the White Paper on Broadcasting will be pursued, with a view to legislation on changes in the constitution, structure and organisation of broadcasting, including improved arrangements for the views of listeners and viewers to be heard and taken into account.

Further proposals will be brought forward to achieve more open government. It remains My Government's intention to replace Section Two of the Official Secrets Act 1911, with a measure better suited to present-day conditions. My Government will continue to make information on public policy more readily available.

Education

"My Government will bring forward proposals to amend the Local Government Act 1972, in order to secure the better functioning of local democracy in a number of large towns and cities in England. A Bill will be introduced to strengthen the consumer voice in relation to nationalised industries.

"Legislation will be introduced to improve the law on education in England and Wales and to enable grants to be made in Wales towards the cost of bilingual education.

"A Bill on housing will include provisions for a new charter of rights for public sector tenants, a new scheme for subsidies in the public sector, more flexible arrangements for the charging of interest on local authority mortgages and further assistance towards the improvement and repair of existing homes.

"Bills will be introduced to improve safety and discipline at sea, to help to control marine pollution, and to amend other aspects of merchant shipping legislation and also to strengthen the enforcement powers necessary for the safety of offshore oil and gas installations.

"My Government remain committed to the establishment of a public lending right for authors, and will introduce a Bill for this purpose as soon as possible.

My Government will continue to press for improvements in the Common Agricultural Policy and to promote an expansion of food production in the United Kingdom and its efficient processing and distribution.

They will also take all measures necessary to conserve fish stocks and will continue their efforts to achieve an acceptable Common Fisheries Policy within the EEC.

"My Government re-affirm their commitment to the reorganisation of the electricity supply industry in England and Wales, and will introduce legislation for this purpose.

"Fresh support will be given to enable the National Health Service to fulfil and extend its services to the public.

"Bills will be introduced on the regulation and training of the nursing, midwifery and health visiting professions, on the lines recommended by the Briggs Committee on Nursing; and to provide for the scheme of payments for those who have suffered severe vaccine damage.

"A measure will be introduced to extend benefits for the disabled and to correct and clarify the law relating to social security.

"My Government are examining schemes to provide compensation for those such as slate quarrymen who have suffered respiratory diseases from dust in their employment, but who are unable to obtain such compensation through the courts because their employers have gone out of business."

A Bill will be introduced to improve the arrangements for legal aid.

"Legislation will be introduced to extend protection for individuals who entrust their savings to others. It will include Bills relating to banks and other deposit-taking institutions, to credit unions, and to estate agents.

Social justice and racial tolerance will be promoted through my Government's social policies. A Bill will be introduced to improve the funding of schemes designed to help ethnic minority groups.

"There will be legislation to amend company law, including strengthening the provisions governing the conduct of company directors, and to establish the Crown Agents as a statutory corporation.

"A Bill will be introduced to improve procedures in commercial arbitration.

"Scottish Bills will be introduced to improve criminal justice and criminal procedure in Scotland, to establish a system of registration of title to land, and for other purposes.

"My Government will continue their programme of law reform.

"Other measures will be laid before you.

"My Lords and Members of the House of Commons, I pray that the blessing of Almighty God may rest upon your counsels."

THE MINORITY PARTIES

Jim steals a march

FOR A Prime Minister representing a Welsh constituency it was, in racing terms, always an odds-on certainty that he would choose St. David's Day, March 1, as the date on which to hold referenda in Wales and Scotland on Welsh and Scottish Assemblies.

Mr. Callaghan also held back this little nugget for his own speech yesterday. The Queen's Speech merely said that draft orders would be laid "for the referenda on devolution." It was the Prime Minister who announced the actual date.

The announcement of the date together with the intention to implement the report of the Speaker's Conference on representation for Northern Ireland have to be seen in the context of consolidating the Government's hold on the Commons through support from the three countries. The 11 Scottish National Party MPs and the three from Plaid Cymru are now less likely to attempt to unseat the Government, which will give Mr. Callaghan more time to consolidate Labour's position before the general election is called.

The case for greater representation for Northern Ireland was unanswerable in the context of devolution for Scotland and Wales. The Scotland and Wales Acts propose assemblies for the two countries without diminishing their parliamentary representation at Westminster. Northern Ireland has alway[s] had to accept a smaller numbe[r] of MPs on the grounds that i[t] had its own assembly in Stor[mont], a case that disappeare[d] once Stormont had bee[n] abolished.

At the moment one Norther[n] Ireland MP represents 86,00[0] electors compared with abou[t] 64,000 which is the average fo[r] Britain as a whole. The offe[r] of another four or five MPs wil[l] put Northern Ireland on a foo[t]ing with the rest of the UK.

The extra seats will not b[e] ready by the next genera[l] election and the number wi[ll] depend on the deliberations o[f] the Boundary Commissioner[s].

Inevitably, the Social Demo[]cratic Labour Party, which send[s] Mr. Gerry Fitt to Westminste[r] turned its nose up at th[e] Queen's Speech. It wanted th[e] increase to be associated wit[h] proportional representation.

Draft orders have to be lai[d] and debated by both House[s] before either Scotland or Wale[s] can hold its referendum and th[ey] will be given Parliamentar[y] time in the next few weeks. B[ut] it is the new electoral registe[r] that is crucial, and that come[s] into force on February. I[t] Labour stands to gain mor[e] from a fresh register than a[n] old one because its creak[y] machine is at a considerabl[e] disadvantage on postal vote[s] compared with the Tory part[y].

Anthony Moreto[n]

BROADCASTING

Concern at the Beeb

THE BBC is likely to conduct a major public relations campaign in a bid to head off the passing into legislation of White Paper proposals to set up Corporation management committees, half of whose members would be appointed by the Home Secretary. This direct involvement of Government nominees in the day-to-day running of the BBC has already provoked alarm within that organisation and indications that the Government has not changed its mind is likely to deepen that concern.

However, the use of the phrase "with a view to legislation" suggests that Governmental determination falls somewhat short of total on the issue. This is underscored by the fact that the Queen's Speech places emphasis on the need for "improved arrangements for the views of listeners and viewers to be taken into account."

It has long been thought that the setting up of the fourth television channel, which under present Government plans would go to a new Open Broadcasting Authority, would depen[d] on the state of the nation[al] economic resources. Howeve[r] action of some sort in the fiel[d] of broadcasting cannot b[e] delayed indefinitely. The BBC[’s] present Charter expires at th[e] end of July 1979 while the rul[e] of the Independent Broadcas[t]ing Authority runs until the en[d] of December 1981.

The main provisions of th[is] year's White Paper, which is t[o] be the basis for legislation f[or] greater involvement of th[e] public in the running of tel[e]vision, included the setting u[p] of an independent Broadcastin[g] Complaints Commission [to] which members of the publ[ic] could turn.

For the moment it is cle[ar] that the Government does n[ot] regard the talking as over.

There is little doubt tha[t] among the most vociferous [in] these conversations will be th[e] BBC who now not only hav[e] the worry of their cash shor[t]fall to face but also the co[n]tinued threat of Home Offi[ce] involvement in managemen[t] appointments.

Arthur Sandle[s]

HOUSING

"Tenants' charter"

GREATER EQUALITY between private and public sector housing law forms a key element of the Government's platform. The Housing Bill outlined in the Queen's Speech reaffirms plans to grant a "charter" for Britain's 5m council tenants. This would give them broadly the same rights to security of tenure as private tenants, give them a statutory right to participate in the running of their estates, and ensure a fairer and more open allocation of council housing.

A revision of the Government's housing subsidy policy is also promised which will retain the no profit basis of the existing system, take account of local rate income and work within the Government's general prices policy by ensuring that council rents rise, on average, no faste[r] than incomes.

Further assistance is promise[d] for local authority mortgages with more flexible rules o[n] interest charges enabling cou[n]cils to keep their rates in lin[e] with those of the buildin[g] societies. Councils are also t[o] be allowed greater scope to giv[e] guarantees to societies whic[h] help local housing problems b[y] lending on older, inner cit[y] properties.

Changes in the optio[n] mortgage system are also aime[d] at increasing the flexibility o[f] low cost home loans by enablin[g] borrowers to move in and ou[t] of the option system mor[e] easily.

John Brenna[n]

EDUCATION

Mixed blessings

THE "legal lever" used by many parents to force their local authority to admit their children to the State school of their choice is to be dismantled as part of an Education Bill due for introduction before Christmas.

To use the lever, parents keep children at home until the local authority issues a school attendance order. The parents can then invoke Section 37 of the Education Act which requires the Secretary of State to uphold the parents' choice of school unless this would entail "unreasonable expense."

The intended Bill would remove this device by empowering local education authorities to declare, in effect, that a particular school was "legally full." As well as ensuring tidier administration, the change would help clear obstacles which hinder local authorities from saving money by closing old, ill-equipped schools as pupil numbers fall.

To temper the authorities' extra power, the Bill would require them to allow parents a choice and to provide information about the courses, structure, disciplinary methods and so on of each of their schools. In addition, parents would be able to appeal against school allocations to a local tribunal designed to reac[h] decisions quickly. Anyone re[]maining unsatisfied would stil[l] be able to extend the appeal t[o] central Government and there[]after to the courts.

The Bill is also expected t[o] increase representations o[f] parents and teachers o[n] schools' governing and manag[]ing bodies; and to establish [a] national committee to supervis[e] higher education in poly[]technics and colleges run b[y] local authorities.

Further provisions on th[e] financing of higher educatio[n] would extend student grants a[s] of right to people takin[g] courses run jointly in the U[K] and EEC countries in a few subjects including manage[]ment. Full legal endorsemen[t] would be given to the new National Engineering Scholar[]ships.

The Speech also foreshadowed the establishment—probably next year—of machinery by which the different sectors of the economy, the industrial training boards, and the Manpower Services Commission will co-operate to identify impending shortages of skilled employees, and forestall these by funding extra training among young people.

Michael Dixon

THE QUEEN'S SPEECH

MANPOWER

Compensation for short-time working

THE GOVERNMENT is promising legislation that would for the first time give all employees the right to compensation for working short time.

This is the main item in a two-pronged programme which has been running for some years for protecting jobs at a time of high unemployment, and beefing up State training and re-training in the face of an increasingly worrisome imbalance in the supply of industrial skills.

The short-time working plan was put forward in a consultative document in April. Workers would be entitled to a taxable 75 per cent of normal pay for each day lost up to a maximum of seven consecutive days. They would not be able to claim unemployment benefit at the same time, nor would they be eligible if their lay-off was caused by industrial action.

In "normal" times employers could claim back half of the cost from a fund financed equally by an increase in their National Insurance contributions — possibly 0.15 per cent, or 10p a week—and by the Exchequer.

But in times of high unemployment, like the present, employers would be able to recoup the rest of that cost from the Exchequer provided they could show that they had put workers on short time as an alternative to making them redundant.

The gross cost of the scheme was estimated in April at £490m, but that would be offset by savings in redundancy pay and unemployment benefit. Details of the financing and cost will not be known until a White Paper is produced.

Many employers already have lay-off pay arrangements, sometimes known as the "guaranteed week." The Government is really aiming to provide a minimum statutory entitlement in line, it says, with other EEC countries like West Germany, France and Italy.

Something similar has already been introduced, incidentally, in response to EEC complaints that the Temporary Employment Subsidy—particularly in the textile clothing and footwear industries—breaches EEC competition rules because it subsidises the employer and not the worker.

The last time that pay for short-time working was a major issue was of course during the Conservative Government's three-day week, when industry was being hit by the 1974 miners' strike. Then many workers found that by judicious use of their company's scheme and the social security office they could keep their earnings pretty much at par. Yesterday Whitehall was anxiously rebutting suggestions that the present Government was moving down that path, or paying workers to stay at home.

On the training front, the Queen's Speech referred to the special problems of the young and of adults forced to look for a second career. The Manpower Services Commission, the *tripartite agency funded by* Government, has asked industry to investigate its manpower needs and plan with industry training boards how to secure for the kinds of skills it will need.

As for adult training, the MSC is expected to announce in a week's time revisions in the Training Opportunities Scheme (TOPS), which had a throughput of 80,000 people last year.

The Government is also to work out ways of compensating workers suffering from lung diseases caused by dust—for example in slate quarries—whose employer had gone out of business.

Christian Tyler

COMPANY LAW

A big step towards EEC practice

FOR THE first time in several years company legislation is to be given legislative priority in Parliament. Indeed current indications are that the new Bill will be published this week, probably Friday. The proposed changes represent the most significant amendments to British corporate legislation since the 1948 Companies Act. They also mark the beginning of the process which will bring British company law much more into line with other EEC countries.

Changes in company law have been proposed in numerous official documents in recent years. But barring the relatively minor 1976 Companies Act there has been little prospect of amendments reaching the statute book.

The history of recent efforts at reform can be traced back to the Heath administration's 1973 Companies Bill. This fell with the change in Government in February 1974. The present Labour administration has published proposals for reforming company reports, for implementing the EEC Second Company Law Directive, and for regulating the conduct of company directors. In addition, company law addicts have had to cope with the report of the Bullock Committee on industrial democracy and the subsequent White Paper in May.

For a while it semed that some legislation might have been introduced in the last parliamentary session. But pressure of time once again prevented this from happening. As a result, in July the Department of Trade took the unusual step of publishing in a White Paper the detailed draft clauses which would have been enacted had there been legislation.

This is the document which is now expected to become the new Companies Bill. Its most-publicised proposals undoubtedly concern the bar on insider dealing. But the guts of the document is probably the proposals to codify the duties of directors to tighten up on directors' loans, and to deal with conflicts of interest. Oddly enough, present directors have to look to relatively ancient case law judgments to determine what their duties are.

The July White Paper proposed to change this by introducing a statutory description of a director's duty to his company, as follows:—

"A director of a company shall observe the utmost good faith towards the company in any transaction with it or on its behalf and owes a duty to the company to act honestly in the exercise of the powers and the discharge of the duties of his office."

On conflicts of interest, the White Paper said that a director shall not do anything, or omit to do anything, if that gives rise to a conflict, or might reasonably be expected to do so, between his private interests and the duties of his office.

The most noticeable impact of the planned legislation arises from the EEC Second Directive. As a result of this the UK is committed to drawing a clear legislative distinction between public and private companies. Thus public companies would in future have to: include an indication of their status (probably "publicly limited company," or "plc") in their titles, have a minimum capital requirement of £50,000, and would be obliged to call an extraordinary meeting of shareholders whenever the company suffered the loss of half or more of its share capital.

"Preparing for Changes in Company Law" is the title of a timely booklet published today by city accountants Peat Marwick Mitchell. Copies may be obtained, free of charge, from the firm's Library, 1, Puddle Dock, Blackfriars, London EC4V 3PD.

Michael Lafferty

DEPOSIT TAKING INSTITUTIONS

Protecting the public's savings

THE OUTLINE of the Government's planned legislation to *protect people who "entrust* their savings to others" has already been published. The proposals are not contentious, and the intention to make Parliamentary time available to put them into effect will be welcomed by most members of the industries directly affected: the banks, finance houses, credit unions and estate agents.

For example, legislation to formalise the Bank of England's supervisory role and to set up a system of licensing for all deposit-taking institutions is overdue. The original White Paper was published over two years ago, and the main proposals were set out in a draft Parliamentary Bill last July.

At the sme time, the proposed legislation on credit unions was published.

The planned banking legislation has the general support of the banks and finance houses, though each group has reservations about certain sections of the draft Bill. It will fulfil a number of functions, sorting out the confusion in UK banking supervision exposed by the fringe bank crisis, confirming the role of the Bank of England as the central supervisory authority and meeting the UK's obligations under plans for the harmonisation of legislation within the European Community.

The main item in the draft legislation was the establishment for the first time of a comprehensive system of licensing and control of banks and deposit-taking institutions. A two-tier system will be set up *under which recognised banks* will be exempted from the licensing rules, but subject to close supervision, and will be the only institutions allowed to use the name bank. Other institutions, including perhaps 200 to 300 of the finance houses, will require licences to continue to take deposits from the public.

The main protection for the public will therefore be given by the further extension of official supervision of the deposit-taking institutions. But the proposals set out in July also included a deposit protection fund, backed by contributions from banks and deposit-taking institutions, which would offer protection for small depositors in case one of the institutions got into trouble. Under the proposed legislation, *the protection would be limited* to 75 per cent of the first £10,000 of any deposit.

The Credit Unions Bill was drafted at the same time. It follows growing pressure for the position of credit unions—groups of people who agree to pool their savings to create a source of credit for each other at favourable rates of interest—to be given a formal legal and supervisory framework.

Under the draft Bill members of credit unions would be required to have a "common bond"—such as working in the same factory—and the unions would be subject to supervision like other provident societies by the Chief Registrar of Friendly Societies.

The legislation covering estate agents is expected to be modelled on the previous private member's Bill, requiring estate agents to have indemnity insurance against fraud and malpractice involving loss of their clients' deposits. The Office of Fair Trading would be given powers to forbid particular malpractices and in extreme cases to ban an agent. The Bill had the support of the main professional associations involved, the present Government and many other MPs, but foundered on *opposition by a small number* of Conservative members who objected to the increase in the powers of the Director General of Fair Trading.

Michael Blanden

NEB, DEVELOPMENT AGENCIES AND THE BUSINESSMAN

More aid for large and small

GOVERNMENT AID for the development of industry during the coming year will include further initiatives to help small firms plus an increase in the total amount of investments that can be handled by the National Enterprise Board and its Scottish and Welsh counterparts.

The help for small firms is part of the continuing work started a year ago by Mr. Harold Lever, Chancellor of the Duchy of Lancaster, on the co-ordination of the Government's small firms policies.

Innovations currently under discussion by government departments include tax concessions directly tied to investments in small firms, a government-backed bank loan guarantee facility, and a campaign to encourage large companies to help with the development of small firms.

The funding of the NEB and the Scottish and Welsh Development Agencies will be the subject of a Bill to be introduced in Parliament before Christmas by Mr. Eric Varley, Industry Secretary.

At present the NEB has a borrowing limit of £1bn of which it has used up more than £720m. The Bill will raise the limit to between £1.5bn and £2bn—the precise figure has yet to be decided by Ministers.

This will meet with considerable opposition from Conservative MPs although they are unlikely to be able to stop the Bill becoming law. The Conservatives may also try to amend the Bill so that it includes the Public Accounts Committee's proposal that the Comptroller and Auditor General should have direct access to the NEB's books. The Government will stress that the money is needed to meet the needs of major companies such as BL, formerly British Leyland, and Rolls-Royce, plus specific projects such as the NEB's INMOS micro-chip venture. They will also point out that the Bill will *only raise the total limit of* money that can be made available—the precise amount allocated in any one year depends on what is laid down in the Public Expenditure White Paper.

The Bill's passage through Parliament will be eased because the Government can count on the support of Scottish and Welsh Nationalist MPs because the regional agencies are included. The Scottish Development Agency's current limit of £300m will be raised, even though it has yet to exceed an intermediate statutory threshold of £200m. Similarly the Welsh Development Agency limit of £150m will go up, even though it has yet to exceed its intermediate £100m threshold. So the Bill may approve the passing of the intermediate thresholds as well as extending the top limits.

John Elliott

NATIONALISED INDUSTRIES

A stronger voice for consumers

THE GOVERNMENT believes that the performance of the nationalised industries will not be a General Election issue. Thus, legislation for the industries in the final Parliamentary session will be confined to two unexciting measures: the long-awaited management overhaul of the electricity supply industry in England and Wales; and a greater say for consumers dealing with the public sector.

Since the publication of the Plowden Committee report more than two years ago, the case for a fundamental reorganisation of the structure of the electricity supply industry has been undeniable. The present federal structure of the industry is unwieldly, and is ill-suited to the commercial and technological pace of change of modern industry.

The Bill is expected to propose a new central electricity corporation to act as the supreme management body of the industry, with line management *responsibility for electricity* generation being held by the Central Electricity Generating Board. It is not yet clear whether the area electricity boards will also have a line management function, or whether *Mr. Benn will retain* his power to appoint their chairmen.

The proposed Bill to strengthen the consumer voice in relation to nationalised industries will, if it becomes law, *give consumers greater opportunity* to discuss rail and bus fares; gas and electricity charges; steel prices and postal and telephone charges at Board level.

The Bill will be based upon *the recommendations of the* White Paper on the nationalised industries published in March.

The attitude of the nationalised industries is expected to be that consumer representatives will be welcome upon their boards *as long as those* people are prepared to accept collective responsibility as Board members for running the industries.

The nationalised industries are opposed to Board *members* who would listen in without assuming responsibility.

Roy Hodson

INDUSTRIAL DEMOCRACY

A slow march to worker directors

PREPARATION OF a *Bill* on industrial democracy has been under way in Whitehall for some months, but it is now extremely unlikely that the measure will become law before the next general election.

This is because of the problems that Ministers face in making some key decisions. As a result the Bill will almost certainly not be published before next March, and it may be even later. There would then be virtually no chance of it completing its passage through Parliament before the end of *next summer*.

The Bill will be based on a White Paper published in May following last year's Bullock Report on worker directors. The document attempted to patch up the row caused by the Bullock Report.

It proposed that there should be an immediate statutory obligation on private sector companies employing more than 500 people to consult their employees about major company *decisions*. Later there would be a right for employees to take up to a third of the Boardroom seats in a two-tier company Board structure.

Broadly this would be based on trade union representation in what is known as a "single channel" system although the White Paper did acknowledge that some provision might have to be made for what is called "homogeneous groups" of non-unionists.

Because of its overtones of trade union power, this single channel issue is the thorniest political problem facing Ministers.

There are also practical issues to be sorted out and because of this the Queen's Speech yesterday made it clear that the Department of Trade, which is responsible for the subject because of its responsibility for company law, is to continue consulting with both sides of industry, even though the official consultation period ended a month ago.

The practical issues, which were left vague in the White Paper, include the treatment of multi-nationals and other groups of companies, the safeguarding of confidential information, whether some businesses such as banks or newspapers should be exempted, and whether a special Industrial Democracy Commission should be set up.

Also linked with this Bill is the plan contained *in the* Government's general company law proposals for company directors to be statutorily required to take account of their employees' interests as well as those of their shareholders'.

John Elliott

LABOUR NEWS

Daily Star launched after agreement on staffing

BY PAULINE CLARK, LABOUR STAFF

PRODUCTION of the Daily Star, Britain's first new national newspaper for many years, got under way last night with the last-minute blessing of national print union leaders.

The National Graphical Association lifted its threat of industrial action against Express Newspapers, the parent group, only late yesterday afternoon after endorsing a revised agreement with management over staffing levels on the new paper.

An agreement that staffing levels should be raised was reached after more than 15 hours of talks with management, ending early yesterday morning, followed by a long meeting of the union's national council.

There was also agreement on the unions' chief demand that ghost payments—or payments in lieu of staff to those printers already employed—should be eliminated.

The launch in the North and Midlands of the Manchester-based Daily Star may never have been at risk because of the support of the new paper's NGA chapel (union branch) and branch officials for an agreement reached previously on staffing levels. This had not been endorsed by the national council, although it provided for a review after 12 weeks.

But the NGA leaders this week made it clear that if the agreement were not revised to meet the council's demands, action might be taken in Fleet Street to stop publication of the Daily Express, and possibly the Sunday Express and Evening Standard.

Mr. Les Dixon, general president, said last night that a major union principle had been satisfied—that jobs should not be sold for money.

Branch officials in Manchester, were threatened with disciplinary action by the union after they had said they would defy its instructions not to produce the paper without national council approval. They warned earlier this week that relations between management and the chapel would be damaged if the previous agreement were revised.

The agreement provided for substantial pay rises to the Manchester printers for producing 1.4m copies of the Daily Star in addition to 1.1m copies of the Daily Express.

The Daily Star, being launched with the backing of a £2m advertising budget, will compete with the Sun and the Mirror. It will cost 6p. The initial circulation target will be 1.25m through circulation in the North, and a full 2m when it starts full national distribution in the New Year.

Mr. Jocelyn Stevens, managing director of Express Newspapers, who with Mr. Victor Matthews, chairman, attended Tuesday night's talks, said agreement had been reached to increase staffing by printers from 124 to 129. He added that printer's earnings would be higher until regular staff were phased in. The new paper would provide a total of about 300 new jobs.

Ellesmere car men delay strike action

BY PHILIP BASSETT, LABOUR STAFF

TRANSPORT workers at Vauxhall's Ellesmere Port car plant yesterday drew back from a strike against the company's guideline-breaching pay offer to give national union officials time to press for an improvement.

The 3,000 workers, members of the Transport and General Workers' Union, voted overwhelmingly to accept their shop stewards' recommendation to defer the strike, due to begin yesterday. Workers at the mass meeting made it clear that support would have been given if the stewards had called for an immediate stoppage.

Shop stewards representing the 5,000 engineering workers at the plant voted earlier this week to defer strike action until November 8 to allow the company to put forward a more acceptable offer. The transport workers, however, set no date for the postponed strike action to start.

A strike by the transport workers would have isolated them from the rest of the company's workforce. About 13,000 workers at the company's Luton and Dunstable plants voted last week not to strike on the company's previous pay offer.

The offer on the table gives increases ranging from 4.7 to 6.3 per cent for day shift workers, and 5.5 to 7.9 per cent for night shift workers, plus the first part of a productivity scheme which would yield an across-the-board payment of £1.28, or a further 1.75 per cent.

National union officials will meet the trade union side of the company's joint negotiating committee today. The union side is deeply split on the offer and on taking the dispute to national level.

Luton and Dunstable officials *will be looking for an increase* in the differential payments for craft grades, and for movements on the rest of the company's productivity scheme, which some union negotiators believe could yield between 25p and £10 a week, though mainly for the Dunstable plant. They also want immediate consolidation of the offered £1.28 performance supplement.

Ellesmere Port representatives will be more particularly looking for an increase in the basic pay offer.

Vauxhall still faces a further strike by 4,000 General Motors skilled workers, who have said they will take action from November 10 unless their grievances over eroded differentials are met.

A strike by these workers would have a serious effect on *Vauxhall's vehicle production*, and on component production by AC Delco for other car companies. A six-week strike last year by the skilled workers stopped all Vauxhall production and laid off 19,0000 workers.

BL men in walk-out at Dyfed

By Our Labour Staff

ENGINEERING WORKERS at the Llanelli, Dyfed pressing *plant of BL, formerly British* Leyland, walked out on strike yesterday over a pay dispute.

About 800 manual workers were laid off yesterday, and production at the plant could be seriously affected.

The dispute is another case of engineering's particular offsetting problem under the incomes policy.

The 600 members of the Amalgamated Union of Engineering Workers are employed mainly in maintenance and service work at the components factory, although a small number work in production areas.

Trade union officials said yesterday that the dispute was over the national engineering agreement which increases premium rates. They said it should have come into effect yesterday, but BL said an increase from *that source would break Govern*ment pay policy.

The company claims the engineering workers were paid a 10 per cent pay increase in March. The engineering employers and unions in the Confederation of Shipbuilding and Engineering Unions signed a national agreement in April which had the effect of changing premium rates for shift allowances as well as raising national minimum rates.

BL said yesterday that the full 10 per cent was applied to grade rates, so nothing was left for premium rates. If the new rates for premium payments had been applied at the time, the money available for grade rises would have been 10 per cent less than the figure for premium rates.

- The 750 workers laid off from BL factories at Cowley because *of a dispute at Birmingham have* been recalled today. The dispute has halted production of the Princess range.

Drivers' pay claim poses dilemma for hauliers

BY OUR GLASGOW CORRESPONDENT

MORE THAN 300 employers in the Scottish road haulage industry yesterday discussed how they might resolve a threatened industrial dispute by 5,000 lorry drivers.

At a three-hour meeting in *Glasgow, they considered a for*mula put forward by the Road Haulage Association's Scottish council in preparation for *further negotiations with the* Transport and General Workers' Union tomorrow.

The men have demanded guideline-breaking increases of between 20 and 30 per cent.

A recent report from the Price Commission recommended *that the employers should not be* allowed to pass on to customers cost increases resulting from pay rises.

Bank union 'given right to recruit'

THE NATIONAL Union of Bank Employees claimed yesterday that it has been given permission by the TUC Disputes Committee to extend *its recruiting* in F.C. Finance, and claimed that the Clerical Workers' Union would have to stop trying to gain members there.

NUBE said yesterday that it had had members in F.C. Finance since 1973 and had been pressing management for recognition and negotiating rights. It said the clerical union did not start to recruit there until 1977.

The TUC Disputes Committee had taken into account that the union already had a closed shop agreement with the Co-operative Bank, the parent company which, *NUBE* said, holds 85 per cent of F.C. Finance.

Singer fights job threat

BY RAY PERMAN

SHOP STEWARDS wil ask the 4,800 workers at Singer's Clydebank factories today to back a proposal which could save 1,000 of the 2,800 jobs threatened in a rundown of productoin over the next three years.

The plan, which is being kept secret until today, is one of four options for the factory recommended in a 120-page report by PA Management Consultants.

The report cost £100,000, and is understood to confirm the viability of the industrial sewing machine division at Clydebank only if there are reductions in manpower and substantial new investment.

The stewards accepted at a meeting yesterday that some jobs would have to be cut. But they have chosen the option which promises the least redundancies.

They will need the overwhelming support of the whole workforce if they are to persuade either the management or Government agencies to provide the necessary injection of funds.

Manpower Services Commission plans Jobcentres expansion

BY NICK GARNETT, LABOUR STAFF

A BIG expansion of employment services, including Jobcentres, was announced yesterday by the Manpower Services Commission.

The plans, which put particular emphasis on the training of skilled labour and the needs of those with special difficulties in the labour market, have the broad approval of the Government.

The commission's review, laying out its proposals for the next five years, makes specific reference to the poor employment prospects in areas of Wales and and the serious difficulty of high and prolonged unemployment in Scotland. It says the commission intends to make its services more responsive to the needs of those areas.

The commission assumes that the task of creating employment *is likely to become more formid*able and that it will be difficult to reduce unemployment nationally below the present levels by 1982.

His report, coming on the day of the Queen's Speech, which promised more attention to job preservation and training, says: "The labour market seems to be polarised to a great extent as a result of high unemployment and stangant employment growth."

To reduce unemployment to 1m within the next four years would require nearly 1.2m additional jobs.

The report says that micor-electronics, particularly silicon chip micro-processors, are a development which will displace workers and require them to retrain. In the long term, however, they would provide opeortunities for creating employment.

The commission expects its present yearly expenditure of £696m to rise to £783m next year (at constant prices) and remain between £790m and £800m until 1983-84.

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It intends to set up 100 new job centres a year up to 1982-83. *At the moment it has about 500.*

Mr. Richard O'Brien, the commission's chairman, said yesterday that Jobcentres were placing 31 per cent more people in permanent work than the Employment Offices they have replaced during the six months since April.

Grants and allowances paid to people prepared to move jobs will be increased and an experimental system is being run of *premium payments for workers* willing to move to key vacancies that are difficult to fill.

The report says there are clear indications that difficulty in recruiting skilled labour may act as a constraint on industrial expansion in the future.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● DATA PROCESSING

A better way to design structures

SINCE ABOUT 1975 finite element analysis has made itself increasingly felt as a tool for complex structure design and analysis and there are now at least a dozen services available to engineers in the UK.

Basic techniques include Nastran (from NASA in the U.S.) and ASKA (from the Stuttgart Institute of Statics and Dynamics). They treat the structure as an assembly of smaller simply-shaped elements of known theoretical behaviour and then use the power of a computer to quickly obtain stress and deformation results.

According to SIA of London however, problems have been arising in the manual work involved in representing the structure, preparing and checking the data and analysing the results—and then outcome has been a large number of pre and post-processing programs to reduce the work. Unfortunately, these are mostly system-specific.

SIA's answer has been to develop FEMALE, which stands for "finite element modelling and results analysis system."

The point about FEMALE is that as well as having considerable power of its own it is also able to access several finite analysis systems (Nastran, Aska, Sap and Ansys) without the user having to learn different input formats: a standardised data input and command language is used in all cases.

An integrated set of modules, replacing piece-meal pre and post processors can be applied whatever the analysis system used. They cover the building of the model, checking it using graphics terminals, loading it mechanically, analysis and reporting of results: All the necessary structural data is stored on a common database in standardised form, without duplication.

SIA has designed the system so that it can utilise the range of computer terminals and graphics devices commonly found in engineering companies today. New terminals are usually not required. Furthermore, the system will operate in interactive timesharing mode or in batch mode from card input to SIA's big CDC computers.

More from the company at 23, Lower Belgrave Street, London SW1W 0NW (01-730 4544).

More from Digital

ANOTHER RELEASE has been made by Digital Equipment Company in its "L System" line of packaged computer systems aimed at the original equipment manufacturer.

Called PDP-11V03-L the equipment includes the company's new dual density floppy disc and the 11/03 microcomputer and is equipped with 32k bytes of MOS memory with space for up to 32k bytes of either read-only or ultra-violet programmable read-only memory. The floppy disc has a maximum capacity of 1.2 megabytes.

A choice of terminals including the VT100 video or the LA36 DEC writer printer is available.

Standard software is the RT-11 operating system, editor, macro assembler and utilities. High level languages such as Basic, Fortran 4 and APL are optionally available.

The package is stated by DEC to lie about 30 per cent below the cost of the components when purchased separately, and there are quantity discounts. Shipments will begin in the autumn.

More from DEC at Digital House, King's Road, Reading, Berks (0734 583555).

Big printer output at Stevenage

DURING 1979, output of fast low-cost band printers from the Stevenage plant of CPI Data Peripherals will be doubled to about 2,000.

This has been disclosed by the company's managing director Mr. Peter Sachs, who also said that deliveries would go up to some 40 per week in the near future and that both 300 and 600 line-per-minute versions for the European market would be produced. Spares provisioning will be introduced by 1980 from Stevenage where the company's staff already has risen to 300.

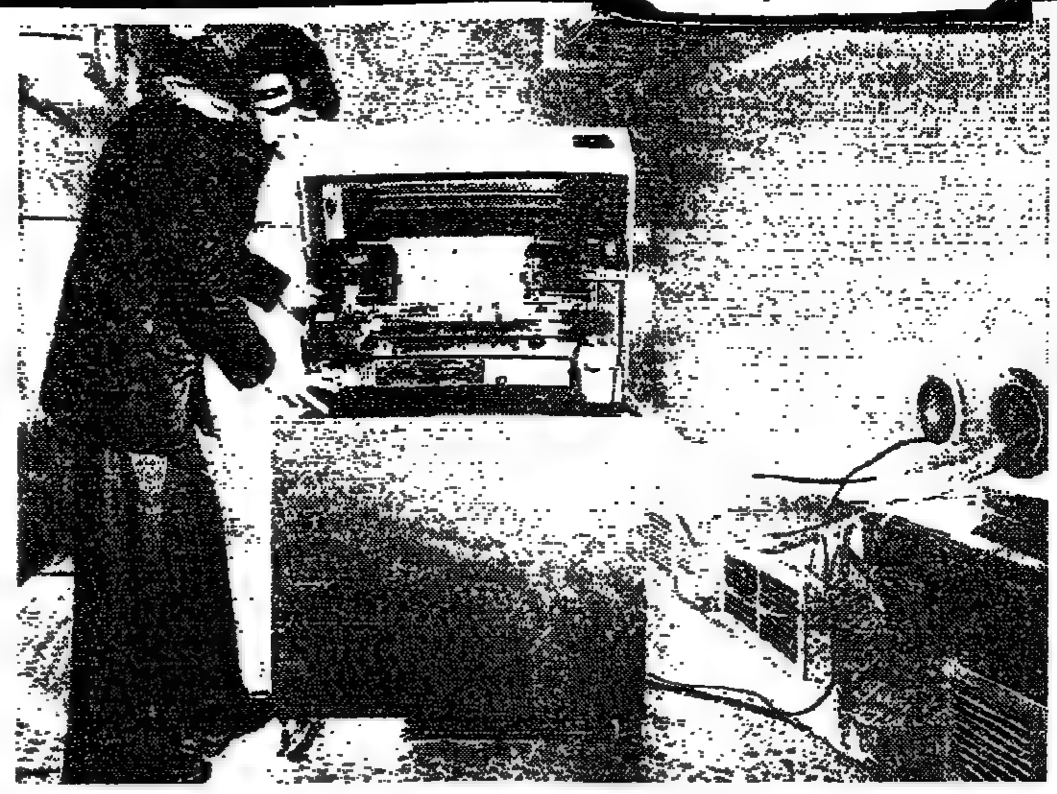
In reliability tests conducted since last March, a total of over 90m lines have been printed on a 100 per cent duty cycle without problems. For extended environmental testing, CPI has installed a £30,000 Secasi chamber which can simulate many operating atmospheres.

The CPI organisation is jointly owned by Control Data Corpn. (60 per cent), NCR and ICL, each with 20 per cent.

It designs, develops and makes drum, matrix and band printers, vacuum column tape transports and mass-storage data systems.

CPI Data Peripherals has some 50,000 square fet in Stevenage for the manufacture of band printers, tape transports and formatters. It has been backed by a £1½m capital investment and is a big component in an international organisation set up by the three computer builders mentioned above primarily to spread the cost of development and to concentrate manufacture in a small number of modern centres with a large output permitting the spread of manufacturing costs over much longer product runs than possible in small plants attempting to turn out a lot of products.

CDC, 22a St. James's Square, London SW1. 01-930 7344.



One of CPI Data Peripheral's latest band printers undergoes tests in a Secasi environmental chamber

Extra power from Itel

ITEL HAS increased the power of its top machine. The Advanced System/6 Model 2, designed and developed by Itel's Systems Development Division at Palo alto, incorporates Itel hardware and microcode improvements and offers better price/performance.

This machine is intended primarily for users who use IBM's VM/370 and/or MVS system control programs. When running under those operating systems, the AS/6-2 has exhibited improved throughput performance "up to 10 per cent depending on workload characteristics." Itel declares. "Cumulative throughput improvements in the range of 15 per cent to 25 per cent are possible with the AS/6-2 when operating under IBM's MVS or VM system extension program products." Itel staff will claim.

The AS/6 Model 1, introduced by Itel during the last quarter of 1977 and functionally compatible with IBM 360, 370 and 3032 software, has aircooled advanced technology—high speed MSI and LSI circuitry. The AS/6 has an internal performance that is three to four times that of the AS/5-3 and 1.1 to 1.25 times that of the IBM 3032. A reasonable layout with 2 Megabytes of main memory may be purchased for $1,960,000.

This AS/6-1 is field-upgradeable to the AS/6-2, which may be purchased for $2,160,000. First customer deliveries of this last model will be made in the first quarter of 1979.

Meanwhile, Itel has announced the first installation of an AS/6 system in Scandinavia at NK-Ahlens, Sweden's largest retail group.

The decision to go for this big system was based on company experience with an AS/5 of running the system within 24 hours of installation and needing no changes on the IBM programs.

Ahlens says that to use the IBM 3032 rather than the A6 would have cost at least $125,000 more, to cope wiht the problem of water-cooling, "apart from the fact that the running costs of an AS/6 are considerably less."

Itel International, Bowater House, 68, Knightsbridge, London, SW1X 7LN.

● SAFETY

Watch over expensive equipment

FOURTH in a series of seven codes of practice on machine tool safety to be published by the Machine Tool Trade Association is entitled "Safeguarding Machining Centres and Associated Machines."

The code is based on the principle that unless a danger point or area is safe by virtue of its position, a safeguard should be provided to eliminate or reduce the possibility of injury.

Most machining centres, etc., are covered by this code, which describes methods as far as reasonably practicable of making them safe without risk to health when properly used.

Contents include design requirements for safeguards, workholding devices, and power systems. Reference is also made to coolant and swarf: mist, fumes and dust; lubrication systems; noise; and work area lighting.

The code was prepared under the authority of the MTTA standards policy committee and is intended for anyone concerned with safety in the use of these machines from top management to shopfloor operator. Text is illustrated with two-colour line drawings and has a useful bibliography.

This Code of Practice is obtainable, price £5.00 inclusive post and packing, direct from MTTA Publications, 62 Bayswater Road, London W2 3PH.

Deters boat thieves

SINCE THE police have become concerned about the increasing number of thefts from boats—life rafts, dinghies, outboard motors, etc., have been stolen—and have issued a special leaflet on the protection of boats at moorings, Gondolastic, Birlingham, Pershore, Worcester, has announced its security device Vigilante.

Apart from serving as a burglar alarm, the device incorporates a bilge sensor and low voltage indicator, and will sound an alarm also when the engine overheats or the oil pressure drops.

The standard unit comes complete with four sensing switches which can be fitted to floorboards, hatches or portable equipment.

Further on 0386 750732.

● TELEVISION

Pictures of the drains

A USEFUL combination of 35 mm film camera and closed circuit television system has been devised by Videoboard of London which allows constant viewing of the inside of pipes down to 225 mm in diameter and the production of a colour photograph of precisely the picture seen on the TV monitor.

The system uses a Minolta single lens reflex camera behind which is a small TV camera that looks through the film camera's viewfinder. By remote control the film camera shutter is released at the appropriate moment and when the reflex mirrow in the camera moves there is only a momentary loss of the TV picture.

The camera film has a motor driven shutter which is set automatically according to the exposure meter output. The lens aperture is pre-set according to the depth of field required.

Light is provided by a pair of quartz halogen lamps built into the housing and the level can be remotely controlled. The control unit, which can be up to 1,000 metres from the camera, is equipped with small monitor screen, lamp current meter, camera distance readout, film frame counter, TV camera focus and film exposure button.

More from 7 Cotswold Street London SE27 0DW (01-761 1136).

Removes the snow from TVscreens

PYE TVT has reached an exclusive agreement with the BBC to produce an automatic video noise reducer system based on a concept developed at the BBC Research Laboratories.

The amount of noise reduction is continually changing, according to the level of noise and movement in the incoming picture. The technique employed represents a significant advance in the field of noise reduction since no operational controls are required. This noise reducer will find many applications in the broadcast field where signals, having been produced under adverse operating conditions, need to be improved.

The final product will be produced initially to operate on the PAL and NTSC systems. It will be manufactured in a compact format and will take advantage of the latest developments in large scale integration (LSI) technology.

Pye of Cambridge, St. Andrews Road, Cambridge CB4 1DP. 0223 58985.

● INSTRUMENTS

Simple but accurate

AN ELECTRONIC timer designed to turn domestic tape recorders on and off at precise times but which may have applications in industry where equipment up to one kilowatt has to be similarly stopped and started, has been introduced by Lynwood Electronics.

The domestic application is intended to prevent waste of audio or video tape on the one hand, or missing the beginning and end of programmes on the other. Suitable recorders can be switched on and off to within a few seconds in the absence of the owner.

Essentially a 24 hour digital clock, the unit has six buttons for setting the actual time (hours and minutes), setting the "on" and "off" times, cancelling these entries, and initiating daily repeat switching.

More from the company at 20 Stourcliffe Avenue, Bournemouth, Dorset BH6 3PT (0202 426299).

Senses six channels

DIGITAL VOLTMETERS and thermometers able to monitor six channels have been put on the market by Analogue Devices of East Molesey, Surrey.

AD2038 is a 3½ digit unit suitable for use as a data acquisition building block, which scans six channels automatically, manually, or under computer control. Parallel binary coded decimal outputs allow connection to printers, computers and serial data transmitters.

Measurements can be made to 1.3 deg C accuracy over the range −55 to +150 deg C. The unit has resistor-programmable gain and scan rates of 3.2, 1.6 or 0.8 seconds per channel.

The other six channel unit, AD2037, is similar but measures voltages on selectable ranges of ±199.9 or ±1.999 volts. It is suitable for use in acquisition systems and data logging applications for voltage, current, pressure, flow, 5 to 20 mA process monitors and other voltage representations of physical variables.

More on 01-941 0466

● TEXTILES

Blowing the filaments for new yarn

ALTHOUGH an overwhelming proportion of textured filament synthetic yarn is produced throughout the world by the false-twist process, this market has suffered a number of setbacks over recent years and manufacturers have been seeking yarns that have a different character.

One process that has been used for texturising for many years is that of air-texturing. In this a filament yarn is fed into a head where it is subjected to a blast of air that disrupts the filaments and gives a yarn with characteristics somewhat resembling an orthodox spun yarn. For many years this process was confined to Du Pont which offered it as "Taslan." Now the situation is appreciably easier as basic patents on air texturising have expired.

A completely new range of air texturising heads has been developed in the U.S. by the Sherwood Research Corpn. (British representative: Wheatfield Agencies, Ashton Road, Bardsley, Ashton under Lyne. Tel. 061 633 2351). Marketed under the name "Jet-Tex" the heads are made in versions suitable for processing an extremely wide range of yarn counts. With the model 107 it has proved possible to take a split film strip of polypropylene and fibrillate it so that a degree of texture is introduced into an otherwise characterless sheet of film.

Another head has been used to produce what the company calls a bicomponent tri-colour yarn. By taking two ends of yarn of contrasting colour these are texturised within the jet and emerge as a mixture of the two colours—blue and yellow giving green—and with defined sections of the original two primary colours.

The new system is claimed to be relatively inexpensive to operate and the American developers are now evolving complete machines based on this system of texturising.

Possibly the most interesting claim for the Jet-Tex heads is that they are said to be able to texturise filament yarns at any speed. The only limitation in terms of production rates is the speed at which the yarns can be wound up, but with the development machines now being built the processing speeds will be between 250 and 3,000 ft/minute, although the production machines will probably be built to operate in the range of 1,000 to 2,000 ft/minute.

Sensitive tension tester

THE University of Manchester has asked us to point out that the Tenscan tension measuring system for use when processing fine filament yarns, referred to on this page on September 1, was invented in the University's Department of Electrical Engineering and developed by D. W. Auckland, J. R. Hawke and N. P. Lutte. Support for the project was received from the Wolfson Foundation, Remotex and FMK.

Advertising and ...

How the Bubble Yum bubble just blew and blew

BY MICHAEL THOMPSON-NOEL

ONE OF THE truisms of marketing it that the most successful new product launches, the most attractive success stories, can surface in the unlikeliest markets.

Take bubble gum. More to the point, take Bubble Yum, the brand that has turned the bubble gum market upside down. Bubble Yum was launched in the UK last January by Life Savers Incorporated of the U.S. via Life Savers UK whose marketing director, Nick Clarke, was previously with Colman Foods.

By the end of this year, sales of Bubble Yum at RSP are expected to reach £7m in a bubble gum market that has grown three-fold to reach £20m in just 12 months. Sales of conventional chewing gum should be worth a further £40m this year with Wrigley controlling around 75 per cent.

What gives with Bubble Yum? "On Life Savers' part it was a classic case of discovering a static market dominated by bad products that hadn't changed for 40 or 50 years," says Nick Clarke. "So it put in a better product with better packaging, better merchandising and better distribution.

"Then it supported it with £1m worth of TV advertising (via BBDO) and made a point of giving the trade very good margins (around 36 per cent). First it launched regular Bubble Yum in a red pack with a target market among the nine-to-14-year-olds and achieved sales penetrations of up to 80 per cent. It followed that, in July, with the launch of spearmint Bubble Yum in green packs aimed at the 15-to-24-year-olds and achieved a penetration of up to 50 per cent in some areas. As an added refinement it introduced a multi-pack of three retailing at 25-29p compared with 10p per packet for ordinary Yum."

It sounds easy? Not at all, for what Bubble Yum has helped do, in many different countries, is add a lot of colour and a great deal of money to the apparently dying sport of blowing gum.

Not that Bubble Yum is unchallenged in the UK. Tops Trebor has around 36 per cent of sales with two brands: Bazooka, one of the traditional bubble gums, and the new Super Bazooka. Rowntree still has around 15 per cent with Bubbly. And Warner-Lambert has a reasonable slice of sales with Bubblicious.

But it is Bubble Yum, says Mr. Clarke, that has made most of the running. The key to the product's success — the same applies to Bubblicious and Super Bazooka—is its softness. Traditional bubble gums were hard to chew, and the hardness made it difficult to produce a flavour that lasted more than a few minutes, let alone survive the bedpost overnight. Bubble Yum, on the other hand, offers high chewability, blowability and the retention of flavour. (If you think this sounds yummy, remember bubble gum is a £20m market, so sit up straight.)

The Bubble Yum brand, which is distributed in the UK by Food Brokers, is now to be found in well over 100,000 outlets. Life Savers UK will spend another £1m on TV advertising next year and says its share of sales should reach 40 per cent in a market worth £30m or so by the end of 1979.

Bubble Yum has also proved a big success in the U.S. where the total chewing gum market is worth around $1bn.

Wrigley's, for one, hopes the Bubble Yum bubble will sag. "Faddy new products with high trial rates have been around before."

Nick Clarke doesn't think so. "You can joke about a South Seas bubble if you like. The opportunities for amusement are infinite. But this is one bubble that is not about to burst."

Proctors makes up for lost ground

GORDON PROCTOR and Partners, which has lost some lucrative business recently, has partly made good the loss by winning the account for John Laing, one of Britain's largest construction companies.

No budget has been given, but the agency's Charles Cruttenden says spending is expected to be "very substantial." According to him: "Proctors has a lot of experience of talking to businessmen, as we already handle corporate advertising for Philips, Airbus Industrie, Saudi Arabian Airlines and NCR."

He says billings in the current financial year are running at £10.5m. This is far in excess of the £3.4m reflected in MEAL's latest list of the top 50 agencies, but around a third of the agency's billings are spent abroad and thus not measured by MEAL.

John Laing will probably launch a major corporate campaign soon.

● J. WALTER THOMPSON, which already handles more than £1.5m worth of business for the *Trustee Savings Bank*, is handling the launch of TSB's own credit card, Trustcard. The new card will be promoted initially by contacting cheque account customers directly, either at branches or in writing. A national Press campaign starts early next year. Nearly 50 per cent of TSB's 8m customers are women; it seems likely they will account for a higher proportion of holders than is the case with other credit cards. JWT has also been appointed to handle Stag Furniture, expected to spend £250,000 to start with.

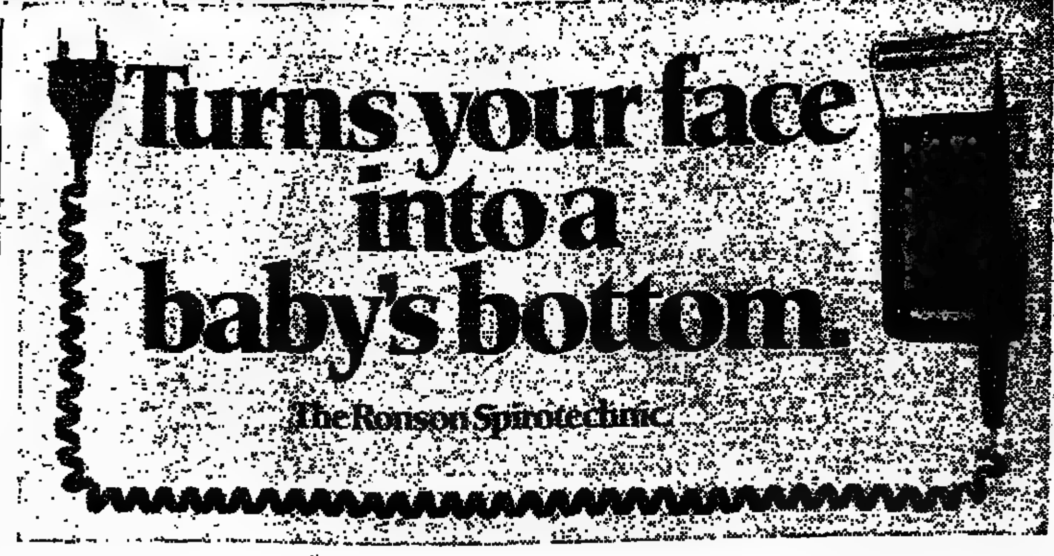
● *PALITOY* will be spending £600,000 through Ogilvy Benson and Mather this autumn, taking total expenditure this year to £1.1m, including the launch of its Star Wars range this summer. Additions to the range are planned next year.

● *HERTZ EUROPE* has appointed Christopher Kelly director of marketing. Previously he ran the organisation's advertising and sales promotion.

● *JAMES DALE*, a creative group head at Masius for the past three years, is joining Haddons as creative director.

● *ANDREW KERSHAW*, chairman of Ogilvy and Mather Inc. and vice-chairman of O and M International, has died at his home in Pound Ridge, New York; he was 58. At one stage he was deputy director of the British Tourist Authority.

● *IMPACT INFORMATION* of Shrewsbury says recent account gains have taken its billings to £1m for the first time, a figure arrived at without grossing up PR income.



In common with numerous big advertisers, Ronson is turning to posters for the first time with a British Posters national 48-sheet campaign for the Ronson Spirotechnic shaver. The product, launched this spring, is being supported by a total of £250,000.

Waseys adds 44% to £17.8m; Masius still top

MASIUS STAYS in top place in the latest list of leading UK agencies as monitored by Media Expenditure Analysis. But with McCann Erickson and Saatchi and Saatchi piling on extra business in the 12 months to September 30, the Big Four, including J. Walter Thompson, are now bunched within £5m of each other.

Among the top 15, the best percentage performance over the past 12 months was that of Waseys, which put on 43.6 per cent *à la* MEAL to £17.8m. Waseys is expecting very strong last-quarter growth and could well overtake Burnetts in ninth spot.

Saatchi and Saatchi added on no less than 32.2 per cent at £44.3m, while McCann, which in the past year has won more business than any UK agency in any 12-month period, advanced 24.2 per cent to £46.1m. By year's end, McCann may well have overhauled Masius and JWT.

Lower down MEAL's top 50, other very big percentage gains in the 12 months to September 30 were recorded by Allen Brady Marsh (+43.8 per cent to £12.5m)—this agency improved 116.9 per cent in the past quarter alone; Interlink (+50.4 per cent to £8.2m); Lonsdale Osborne (+43.7 per cent to £7.6m); Hilton (+89.8 per cent to £5.4m); Yeoward-Taylor (+53.6 per cent to £6.5m); Crawfords (+59.6 per cent to £4.1m) and Colman Partners (+58.2 per cent to £4.1m).

Percentage losses of more than 30 per cent were shown by BBDO, The Kirkwood Company and Graham Gillies and Warwick.

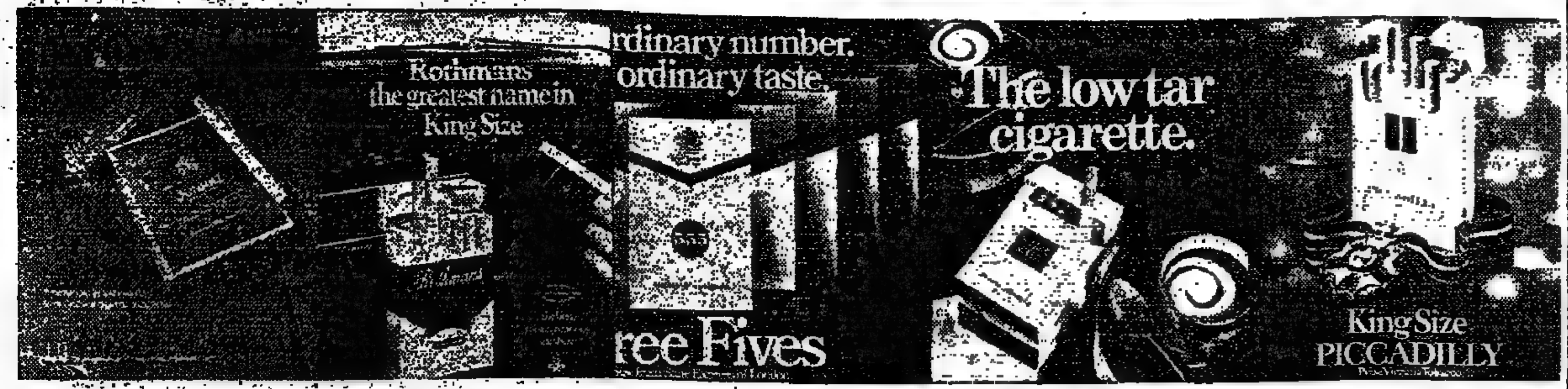
AGENCIES—THE TOP 15 (£000)

AGENCY	TOTAL: OCTOBER-SEPTEMBER			TOTAL: JAN.-DEC.	JULY-SEPT., 1978
			% change on		% change on
	1977-78	1976-77	1976-77	1977	1977
Masius	49,210	47,392	+ 3.8	49,164	− 1.4
JWT	49,107	44,494	+ 10.5	45,077	+ 11.1
McCann Erickson	46,066	37,078	+ 24.2	43,865	+ 10.7
Saatchi and Saatchi	44,263	33,480	+ 32.2	34,121	+ 12.1
OBM	34,941	29,524	+ 18.3	30,390	+ 27.0
Collett, Dickenson	32,409	28,074	+ 15.4	29,045	− 0.4
Ted Bates	22,703	19,671	+ 15.4	20,256	+ 10.6
Young and Rubicam	21,263	18,202	+ 16.8	18,620	+ 18.9
Leo Burnett	18,946	17,461	+ 8.5	17,588	− 0.2
Waseys	17,768	12,376	+ 43.6	13,446	− 8.5
FCB	16,522	12,280	+ 34.5	12,745	+ 86.5
Davidson Pearce	15,508	17,136	− 9.5	17,420	− 23.3
Dorlands	15,454	11,784	+ 31.1	13,264	+ 85.8
Benton and Bowles	15,257	14,008	+ 8.9	14,677	+ 64.1
Doyle Dane	14,911	11,574	+ 28.8	12,668	+ 4.2

Source: MEAL.

هكذا من الأصل

The Marketing Scene



Cigarette advertising costs around £35m a year. But is the crusade against cigarette ads an irrelevance?

At least one cigarette marketing expert believes the big tobacco companies have surrendered important, legitimate commercial rights by refusing to assert themselves.

Michael Thompson-Noel reports

Tobacco—social monster or martyr?

IF ADVERTISING is the grand Aunt Sally its apologists claim, then cigarette advertising is way out there in the front rank of the coconut shy—an embattled form of commercial endeavour that lingers on despite the doses of anti-toxin with which it is bombarded by the health and anti-smoking lobby.

Of all the endangered species of marketing—they include drink advertising and advertising to children and other vulnerable groups—it is cigarette advertising that sparks the bitterest rows. In Britain there are signs that all cigarette advertising (which is in any case strictly controlled) will be outlawed by around 1982, though that may be wishful thinking on the part of the health lobby.

In California, meantime, the U.S. tobacco industry, anxious to defend annual sales of $17bn, has launched a blitz campaign against Proposition 5, which seeks to arm California, representing 10 per cent of the U.S. cigarette market, with the toughest ever anti-smoking laws. Proposition 5 would ban smoking in virtually all enclosed public areas, from lifts and workplaces to sports arenas. Hollywood stars like Charlton Heston have lent their support to pro-5 radio commercials, while the cigarette makers themselves are retaliating with $4m worth of anti-5 ads.

In Britain, one man who feels that the anti-smoking lobby has had too much of its own way is Rex van Rossum, until recently marketing director of Rothmans, who has now left the industry to run his own company. His views won't please the smoking and health lobby, but then he believes that the controversy, which has been around for 20 years, has become so laced with "propaganda, posturing, humbug and cynicism" that rational public debate of the real issues is virtually non-existent.

According to Mr. van Rossum: "The cigarette manufacturers are continually pilloried by anti-smoking bodies and Government agencies with the implication that they are carrying on some kind of conspiracy to damage the nation's health. Yet they are merely going about their lawful business, selling a perfectly legal product for which there is a huge and consistent demand.

"The manufacturers have no control whatever over an individual's decision to smoke, to smoke heavily, or not to smoke. The food manufacturers are not blamed for the level of obesity in the community, nor the wine and spirits industry for the level of alcoholism, nor the Gas Board for the people who put their heads in the oven."

Yet the tobacco industry was consistently singled out as a social monster. According to Mr. van Rossum, the tobacco industry itself is as concerned about the accusations hanging over its product as anyone else.

"The tobacco industry makes no effort to persuade anyone to smoke, or to smoke more. It is anyway totally beyond their power to do so. This concept is regularly dismissed as a propaganda stance by an implacable industry. It is not."

According to Mr. van Rossum, the anti-smoking lobby employs an array of standard propaganda techniques. "It is about time someone made some comment on the antics—and I use the word advisedly—of these groups."

Technique No. 1 is The Scapegoat: "No criticism is made of the 300,000 retailers who sell cigarettes or the 40,000 employees of the tobacco industry. The attack is concentrated on the manufacturers, of whom there are only five."

Technique No. 2, says the ex-Rothmans man, is The Big Lie: "This is the technique whereby a statement repeated often enough and confidently enough comes to be accepted as the truth. There is continual repetition, as if it were a fact, that smoking prematurely kills 50,000 people per year. While I would not claim this is a deliberate lie, it is no more a fact than fly to the moon. It is a (wild?) estimate on top of a deduction from a statistical correlation connecting smoking with various diseases. The fact is that no causative connection has yet been proved.

"These statistical correlations are themselves not internally consistent and are laced with numerous doubts and uncertainties."

Technique No. 3 is The Scaremonger: "This was used in last year's Royal College of Physicians report which stated that each cigarette you smoke takes five minutes off your life. How could such a calculation possibly be made? To me it is almost beyond belief that such a distinguished body as the Royal College should stoop to such a crude publicity-hunting gimmick."

In contrast, says Mr. van Rossum, he has heard eminent physicians state that nine out of ten smokers can smoke with impunity. He doesn't know how they arrived at that figure; he does know that it received no publicity of any kind.

Objectional as these tactics may be, Mr. van Rossum says the industry has far more serious difficulties with the Government. The industry had bent over backwards to meet Government pressure for all kinds of commercial restrictions—based, he thinks, on a false idea of public opinion.

The industry had co-operated in numerous ways. First, it had complied with requests to launch more low-tar brands—a thankless and expensive task because the vast majority of smokers didn't want to know—and to allocate a disproportionate amount of its advertising to them.

It had invested massively in the tobacco substitutes fiasco, only to find the new products damned by official statements and countered by a State-funded Health Education Council campaign.

Most importantly, it had nearly halved the average tar level of cigarettes over the past ten years.

"The industry has been given no credit for these moves, and the Government has pressed on with demands for more and more commercial restrictions. On the other hand the Government will take no positive action itself in pursuance of this policy that will cost it revenue. If it really wanted more people to smoke lower tar cigarettes it could have achieved it long ago with a stroke of the pen by reducing tax on these brands by 10p per pack.

"With some 70 per cent of the retail price of cigarettes going in tax, the manufacturers had no room to do this. But the Government did. However, the cost to the revenue made it a stone cold certainty that this would not happen."

Governments are tempted, says Mr. van Rossum, to take a tilt at the Aunt Sally of cigarette advertising. "This is a much more cosy issue which costs the Government no loss of revenue or votes. Indeed, it might gain a few since advertising in general is not exactly popular with the public."

Yet the crusade against cigarette advertising, he claims, is an irrelevance.

"The simple fact is that there are many countries around the world where cigarette advertising has been banned or severely restricted. Not one of them has led to a decrease in cigarette consumption, even amongst young people. All the evidence shows that cigarette advertising influences market-share and brand competition. Nothing else.

"There is no rational reason why cigarettes should not be allowed back on TV now. That might do something positive to switch more smokers onto low-tar brands. It also argues that the fierce restrictions in the current ASA code for cigarettes are an overkill and an irrelevance."

"With the benefit of hindsight one can say that the industry has, by maintaining a dignified silence, let itself be pushed into a number of corners and accepted restrictions out of all proportion to the facts and evidence. But in polishing their dignity with behind-the-scenes diplomacy, they have allowed the anti-smoking forces to have it all to themselves, and they have had a field-day."

LOMBARD

Nobel prize for a new market

BY NICHOLAS COLCHESTER

The currency turmoil is a reminder that this is the decade of price volatility in the international markets for just about everything. There is a doctorate waiting for the economist who investigates the thesis that perfect information is one of the root causes of this problem.

Perfect information is a necessity for a perfect market, but it would well be that ignorance has played an unrecognised part in keeping price movements orderly. The 'seventies have seen a proliferation of "instant information" in international markets. The word no longer spreads by telephone and ticker tape but on TV screens right in front of the traders. FLASH FLASH CARTER ACTS TO SAVE DOLLAR. There is time for only knee-jerk reaction, and the trader sees instant confirmation that the rest of the pack are moving with him.

Equilibrium

In theory perfect information should allow supply and demand to determine a just equilibrium price. But its practical result, in a changing world, is wild oscillation about the shifting point of equilibrium.

An engineer knows that a perfectly elastic system will accommodate itself perfectly to static forces acting upon it. But he also knows that if these forces change such a system becomes a nightmare. It never stops jumping about the just position. So if his mechanism lacks friction he introduces imperfection into it, in the form of damping, to keep his springs under control.

It is this damping that is lacking in the international markets for currencies, securities and commodities. The old, natural friction has been systematically removed. It has become steadily easier to deal—or at least to try to deal: it now suffices to pick up the phone. The news that prompts the decision to deal no longer filters through to people, but hits many powerful investors and dealers simultaneously. The result is markets which are closer to being perfect and to being perfectly unbearable.

The thesis is hard to prove. In the currency market it is difficult to unravel cause and effect in the aftermath to the Bretton Woods system. Other variables have supposedly been on the increase which markets lump together under the catch-all of "heightened uncertainty." The rise of multi-national business has greatly increased the quantities of money being shifted around. Under such circumstances an argument beginning "other things being equal" gets off to a weak start.

Yet the London Discount Market Association, the sobriety of whose judgment can probably be relied upon, told the Wilson Committee unequivocally that the introduction of an electronic market information system had "irrevocably changed the sterling money market" and made it "a great deal more sensitive and volatile." Instant information led to "a tendency to over-react to avoid having to deal at the wrong rate."

Faced with an increasingly frictionless and jittery foreign exchange market governments have tried to improve matters in two ways, both of which bring a smile to the face of an engineer. First they have tried "dirty floating" with central bank intervention: this does not, alas, introduce damping into the system only an extra large, powerful and rather conspicuous spring. The other favoured solution is to say "the ride is too bouncy, let us do away with the springs altogether." This is the EMS approach and unless the road ahead is very smooth it has painful consequences.

The engineer would advocate artificial friction to replace the natural friction which has gone. Among the proposals made so far the Crawling Peg type of exchange rate system would appeal to him most. Or he might, with a glint in his eye, suggest that the new instant electronic information and trading networks offer their own solution to the problem of frictionlessness they have created.

Network

Great computer minds should design an electronic trading network which allows prices to crawl at a rate which varies with the market forces acting upon them. Using either a central fund, or employing the reserves of participating central banks it would, re-actively rather than actively, undertake the purchases or sales needed to provide the necessary damping forces.

A doctorate for a thesis on the impact of instant information. But a Nobel prize for the inventor of a cybernetic monetary system.

A credit to your sense of balance

UNLIKELY AS it seems, a statement from the bank can also bring a pleasant surprise. Indeed, one day, some years ago, I discovered that the balance of my account was inflated by an unexpected credit of £5,000. There was no indication of where the money had come from and I started to rake my memory, undecided as to whether the money was the donation of an anonymous benefactor or a guilt-ridden malefactor, compensating me for some of the wrongs inflicted in one of my previous lives.

I tended to believe the latter was the case, but to make sure I visited the bank to inquire. Presented with the credit note the bank's computer blushed and I returned home sorry to have once more overestimated the better side of human nature.

Looking back, I must admit that I had only myself to blame for being unable to profit from the computer's mistake.

Had my belief in the innate goodness of human nature been stronger perhaps I would have accepted the theory of the returned loot without any reservations. I could therefore have spent the money in good faith well before the computer came to its senses.

The bank would have had the greatest difficulty in getting the money back as it was obviously one of its duties under the current account contract to keep me informed about the state of the balance. By leading me to believe that I owned all that money it could have been said to have caused me to spend more than I would otherwise have done.

As Lord Chief Justice Abbot said more than 150 years ago in *Skyring v. Greenwood:*

"Every prudent man accommodates his mode of living to what he supposes to be his income; it therefore works a great prejudice to any man, if after having had credit given to him in account of certain sums, and having been allowed to draw on his agent on the faith that those sums belonged to him, he may be called upon to pay them back."

I was reminded of this bounty lost when reading earlier this week, the Bundesgerichtshof (BGH) judgment in *case II ZR 166/77*. The German Supreme Court took the view that once a bank included in a current account statement an amount credited to this account by mistake, it cannot make this mistake good by adjusting the account without obtaining the customer's approval first. If the customer is not agreeable to the adjustment the bank has to sue him and prove its case in court. The burden of suing has to be placed on the bank, if for no other reason, to maintain the credibility of bank statements.

The BGH then considered what claims for damages the bank may have out of such a mistake: The customer may be able to show that he was not unjustly enriched by the bank's mistake, and this was exactly what the customer in the case

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

before the court claimed.

He said that he was expecting two equal remittances from a Liberian importer, and after the bank had mistakenly credited his account twice with the first remittance, he believed that both had arrived. In fact the second was never received. He then used part of the mistakenly credited money to ship more goods to Liberia.

Subsequently the Liberian importer went broke, and the money was not recovered. He offered to cede to the bank the claim he had against the Liberian importer, but nothing more.

The BGH followed earlier German decisions, which are very much in line with the English law as stated by Lord Chief Justice Abbot, but imposed on the bank's customer a new, stricter requirement. The BGH did not agree with those authorities which held that the customer was liable to damages only if he positively knew that he was credited an amount which did not belong to him. An ignorance due to negligence on his part could also justify the bank's claim for damages, said the court.

The reason for this decision was that a certain measure of customer co-operation and checking is indispensable for the operation of a modern computerised banking system.

* * *

GAMBLING DEBTS, including those run up with a bank by speculating in options and futures when only the difference in the market price is credited or debited to the customer's account, may be treated as unenforceable debts in one EEC country even if the operations took place in another member country where such debts can be enforced.

The Court said that treatment of gambling debts was a matter for each individual member state, and the EEC Treaty did not require uniformity in this area. It was giving judgment on October 24 in *case No. 15/78* concerning Herr Walter Koestler whose debt from differential deals run up with a Strasbourg bank while he lived in France, became unenforceable after he returned to Germany, as reported on this page on August 3, 1978.

The Court did not accept the Commission's view that the refusal of German courts to enforce debts stemming from differential deals on the Paris bourse had amounted to an inadmissible "export" of German law. To sanction such a view would only serve to add to the fears that the Community is unduly interfering in matters of national policy. The wider the Community becomes, the more important it will be to respect the differences said the Court. If Spanish bullfighters were to be allowed freedom of establishment in the U.K., the RSPCA might join those advocating Britain's secession from the Common Market.

The European Court found a better way of helping the French bank retrieve its money. German law does in fact discriminate against foreign bourses by admitting an exception from the general rule that debts from differential deals are not enforceable. According to the Boersengesetz, such debts are enforceable in German courts if incurred by non-residents on a German bourse. That means that Herr Koestler's debt would be enforceable had it been incurred by operations on the Frankfurt bourse but not on the Paris bourse.

While stating that each member State can treat gambling debts as it pleases, the European Court added that such national rules will remain unaffected by the EEC Treaty only if they are applied in a manner which does not constitute discrimination in comparison with similar debts incurred on that member State's own territory. The conclusion which must be drawn from this judgment is that as far as German law does discriminate in this way, German courts will have to consider it as overruled by the EEC Treaty.

Vaigly Great attracts backers for Vernons Sprint Cup

RACING

BY DOMINIC WIGAN

IT NOW seems certain that eight will line up for Saturday's renewal of the United States' most famous end-of-season grass race, the Washington DC International.

The field at Laurel, Maryland, is made up of Trillion (Sandy Hawley), Tiller (Jeff Fell), Overskate (Robin Platts), Waya (Angel Cordero), Noble Dancer (Steve Cauthen), Mac Diarmida (Jean Cruguet), Frere Basille (Freddy Head) and Stoned (George Doleuze).

British visitors to the course will neither have an English horse nor Lester Piggott to cheer home this time. They will also have the irritation of missing the great Seattle Slew.

After several days' deliberation, connections have decided to miss the Washington and switch their Triple Crown winner to Aqueduct, where Seattle Slew will tackle Amazer in a grass event on the following day.

As expected after forecasts of rain in the North West, Vaigly Great has been all the rage in the Vernons Sprint Cup ante-post betting. The Tote, which went best yesterday with a quote of 5-1, reports continuous demand for the Michael Stoute-trained Ayr Gold Cup winner and they have had to slash his price from 5-1 to today's offer of 100-30.

The other entry for which they report good business is France's top older sprinter, Sanedtki, who is down to 5-2 from 3-1.

Bold Boy and Double Form have drifted half a point from 4-1 and 6-1 respectively.

Jockey of the year Greville Starkey has been named Wilkinson Sword jockey of the month for October by a panel of racing journalists and commentators.

Starkey's 17 wins during the month included two more Group One Pattern races (the Cheveley Park and Champion Stakes). He will receive the Wilkinson Sword poniard and a cheque for £100.

The panel also commended and voted for "Kipper" Lynch, Lester Piggott, Pat Eddery, John Matthias and Willie Carson. Panelists described it as a month of outstanding jockeyship.

Hard ground continues to play havoc with the jumpers, and this afternoon's programme at Wincanton sees only 32 runners.

Southwell, the day's only other meeting, has fared a little better because of good ground on the chase course, and an official forecast of good to firm for the hurdlers.

Best bet of the afternoon on the Nottinghamshire track should be the improving seven-year-old, French Pin, among the runners for the Bingham Chase.

SOUTHWELL

12.45—Emmabel
1.15—Fighting King
1.45—Poverty Bonk
2.15—French Pin***
2.45—Gold TV**
3.15—Adam's Brake
3.45—Cresi

WINCANTON

2.30—Kininvie
3.00—Kings Carol
3.30—Merry Meadow*

TV/Radio

† Indicates programme in black and white

BBC 1

9.41 am For Schools, Colleges. 10.45 You And Me. 11.00 For Schools, Colleges, 12.45 pm News. 1.00 Pebble Mill. 1.45 Bagpuss. 2.00 You And Me. 2.14 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Yogi Bear. 4.25 Jackanory. 4.40 Emu's Broadcasting Company (EBC-1). 5.05 John Craven's Newsround. 5.10 Blue Peter.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 Tomorrow's World.
7.20 Top of the Pops.
8.00 The Good Life.
8.30 Mastermind.
9.00 News.
9.25 Fear and Loathing on the Road to Hollywood.
10.15 Most Wanted.
11.05 Tonight.
11.45 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Wales—2.14-2.34 pm I Ysgolion. 5.55-6.20 Wales Today. 6.55-7.20 Heddiw 10.15-11.05 James Burke's Connections. 11.45 News and Weather for Wales.

Scotland — 9.41-10.01 am and 11.30-11.50 For Schools. 5.55-6.20 pm Reporting Scotland. 11.05 Thursday Night. 11.45 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.05 The Fall and Rise of Reginald Perrin. 11.35 Jack High. 12.05 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

11.00 am Play School.
5.10 Open University.
5.35 News on 2 Headlines.
†5.40 Laurel and Hardy Showcase: "Thicker than Water."
6.00 Tammy Wynette with George Hamilton IV.
6.25 Beneath the Pennines.
6.55 When The Boat Comes In.
7.45 Mid-Evening News.
7.50 Newsweek: Jimmy Carter—The Mid-term Report.
8.30 Midweek Cinema: "On The Town," starring Frank Sinatra and Gene Kelly.
10.05 Accident.
10.55 Late News.
11.05 Tennis: Great Britain v U.S.: The Carnation Wightman Cup (highlights).
11.35 Open Door.
12.05 am Closedown (reading).

LONDON

9.30 am Schools Programmes. 12.00 Topper's Tales. 12.10 pm Hickory House. 12.30 Moneywise. 1.00 News plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon. 2.25 The Bass Player and the Blonde. 3.20 Looks Familiar. 3.50 The Sullivans. 4.20 Children's Film Matinee: "Heidi and Peter."

5.45 News.
6.00 Thames At 6.
6.35 Crossroads.
7.00 The Six Million Dollar Man.
8.00 George and Mildred.
8.30 TV Eye.
9.00 The Sweeney.
10.00 News.
10.30 Inside Business—"Buying British, It's Harder Than You Think."
11.00 Rafferty.
12.00 What The Papers Say.
12.25 am Close: A painting by Munch accompanied by the music of Bartok.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.00 Women Only. 4.20 Spiderman. 4.45 The Flintstones. 5.15 Emmerdale Farm. 6.00 About Anglia. 6.20 Arena. 7.00 Bygones. 7.30 Botanic Man. 10.30 Darts. 11.00 Mystery Movie: Quincy. 12.25 am The Living Word.

ATV

1.20 pm ATV Newsdesk. 3.55 The ATV Thursday Picture Show: "Run Wild, Run Free," starring John Mills, Sylvia Syms and Mark Lester. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Format V: Save Our Spouses. 11.00 Movie Premiere: "Twilight People."

BORDER

†1.20 pm Border News. 4.20 Thursday Matinee: "Silver Lode," starring John Payne and Lizabeth Scott. 6.00 Lookaround Thursday. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Look Who's Talking—Nicky Martyn. 10.55 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 4.20 The Little House on the Prairie. 5.15 Stars on Ice. 6.00 Channel News. 6.10 The Senators. 7.00 The Bionic Woman. 10.28 Channel Late News. 10.32 Sandokan. 11.00 Movie Premiere: "Don't Be Afraid of the Dark." 12.30 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 4.20 The Little House on the Prairie. 5.15 The Bob Newhart Show. 6.00 Grampian Today. 7.00 The Bionic Woman. 10.30 Police Newsroom. 10.35 Sportscall. 11.15 Reflections. 11.20 Grampian Late Night Headlines. 11.25 The Practice.

GRANADA

1.20 pm This Is Your Right. 4.20 Spiderman. 4.40 Westway. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 10.30 What's On. 11.00 What the Papers Say. 11.20 Barnaby Jones.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Woman Only. 4.20 Little House on the Prairie. 5.15 Job-Line Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Happy Days. 7.00 Bionic Woman. 10.35 The Grapes of Rothwell. 11.05 The Thursday Film: "Dirty Dingus Magee," starring Frank Sinatra and George Kennedy.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20-4.45 Seren Wib. 4.45 The Flockton Flyer. 5.15-5.20 Cartoon-time. 6.00-6.15 Y Dydd. 6.30-7.00 Sports Arena.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Sport West.

SCOTTISH

1.25 pm News and Road Report. 2.00 Women Only. 4.20 Tarzan. 5.15 Batfink. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Garnock Way. 7.00 The Botanic Man. 7.30 Welcome to the Ceilidh. 10.30 The Law Centre. 11.30 Late Call. 11.35 Emergency.

SOUTHERN

1.20 pm Southern News. 2.00 Women Only. 4.20 Lassie. 4.45 Beachcombers. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Southern News Extra. 10.35 The Electric Theatre Show. 11.05 Danger in Paradise. 12.05 am What the Papers Say.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.00 Women Only. †4.20 Thursday Matinee: "Tarzan's Hidden Jungle," starring Gordon Scott. 6.00 Northern Life. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Northern Scene. 11.00 Pro-Celebrity Snooker. 11.45 Epilogue.

ULSTER

1.20 pm Lunchtime. 4.18 Ulster News Headlines. 4.20 Beachcombers. 4.45 Lassie. 5.15 Cartoon. 5.20 Crossroads. 6.00 Reports. 6.25 Police Six. 6.35 Happy Days. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Counterpoint. 11.00 The Practise. 11.25 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 4.20 The Little House on the Prairie. 5.15 Stars on Ice. 6.00 Westward Diary. 7.00 The Bionic Woman. 10.28 Westward Late News. 10.30 Westward Report. 11.00 Movie Premiere: "Don't Be Afraid of the Dark." 12.20 am Faith for Life.

YORKSHIRE

1.20 pm Calendar News. 4.20 Jabberjaw. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 The Botanic Man. 10.30 The Love Boat. 11.30 In Concert—Alexander Robertson.

RADIO 1 247m

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Paul Gambaccini. 7.30 Country Club (S) (join VHF). 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2 including 1.55 pm Good Listening. 7.30 Country Club (S) (continued from Radio 2, 7.02). 9.02 Folkweave (S). 9.55 Sports Desk. 10.00 With Radio 1. 12.00-2.02 am With Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Tony Brandon (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Country Club (S) (continued on VHF and Radio 1). 7.30 International Tennis Special. Carnation Wightman Cup—Britain v. United States. 9.30 Folkweave (join VHF). 9.55 Sports Desk. 10.02 The Impressionists. 10.30 Star Sound Extra. 11.02 Brian Matthew introduces Round Midnight including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Shostakovich (S). 9.45 Rye Festival 1976 concert, part 1 (S). 10.30 Interval Reading. 10.35 Concert, part 2. 11.15 A Conductor's View: Sir Henry Wood—Concert (S). 12.00 My Life of Music (reading). 12.10 pm Concert, part 2. 1.00 News. 1.05 Bradford Midday Concert (S). 2.00 Bayreuth Festival 1978: "Tannhauser," opera in three Acts by Wagner. Act 1 (S). 3.05 Words . . . (talk). 3.10 "Tannhauser," Act 2 (S). 4.20 Interval Reading. 4.30 "Tannhauser," Act 3. 5.45 Homeward Bound (S). 6.30 News. 6.35 At Home (S). 7.30 Drama Now (S). 9.00 Rachmaninov (S). 9.50 Ben Travers interviewed. 10.30 Peter Schreier: Schubert song recital, part 1 (S). 10.55 Interval Reading. 11.00 Recital, part 2. 11.45 News. 11.50-11.55 Tonight's Schubert Song (S).

RADIO 4 434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today: Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 These You Have Loved. 10.00 News. 10.05 Checkpoint. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Analysis. The State of the Union. 11.50 First Impression. 12.00 News. 12.02 pm You and Yours. 12.27 The Peter Hudson Show (S). 12.55 Weather: programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.10 Hearing is Believing. 3.35 Afternoon Theatre. 4.35 Story Time. 5.00 PM: News magazine. 5.55 Weather: programme news. 6.00 News. 6.30 Top of the Form. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Tchaikovsky, Prokofiev and Vaughan Williams concert, part 1 (S). 8.20 A Talent to Amuse (J. W. Lambert entertains). 8.35 Concert, part 2 (S). 9.35 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Any Answers? 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London 206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Soul 78. 10.03 Late Night London. 12.00—Close. As Radio 2.

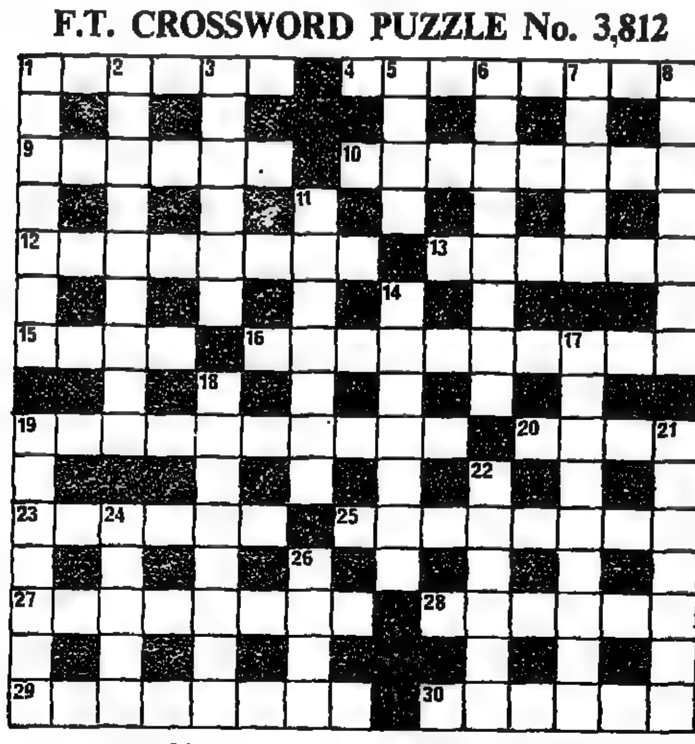
London Broadcasting 261m and 97.3 VHF

5.00 am Morning Music. 6.00 AM: non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio 194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 Lord George-Brown's Capital Commentary (S). 7.10 London Today (S). 7.30 Tale of Two Cities—Gillian Reynolds compares life in New York and London and tonight examines Health Care. 8.00 Adrian Love's Open Line (S). 9.00 Your Mother Wouldn't Like It with Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,812



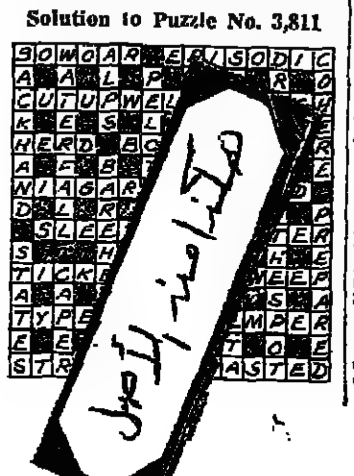
ACROSS

1 Target for daring leader and villain (6)
4 Half a crab can be eaten it is believed (8)
9 Cutlet obtained from a mollusc? (6)
10 Make progress although late returning to receive a medal outside (3, 5)
12 Payment to cause a strain on nerves during deal (8)
13 On wages it would produce a very cold reaction (6)
15 Church dignitary with article in study (4)
16 Whereon one may write and ban the directors (10)
19 Sphere of crime in the Antipodes? (10)
20 Land in Madras I acquired (4)
23 A bit of rope connected with Fleet Street (6)
25 Imagined ancient northerner going to ancient city paper boss (8)
27 Extraordinary oiler of a wing (8)
28 Bury Pole and young doctor (6)
29 Drawing everybody inside and agreeing (8)
30 Spirit making me race with the French (6)

DOWN

1 Fish in river start dying when it's put in plain language (7)
2 Lost one's grip and beyond control (3, 2, 4)
3 A French lad accepts nothing to remove the burden (6)
5 Reduce sail in a chain of rocks (4)
6 Continued discourse on setting up aid to a group (8)
7 Shattered and hard up (5)
8 Encourage chief scientist (7)
11 Ship that's gone all wrong (7)
14 Bill's call for praise (7)
17 Capable of taking up liquid but not present to accept sphere (9)
18 Insect making bird take off (5-3)
19 Parvenu sailor puts roughly about (7)
21 An Italian poet is somewhat slow (7)
22 Attitude of resistance when rise is eliminated (6)
24 River-head on top of mountain range in the country (5)
26 Bearing sounds close (4)

Solution to Puzzle No. 3,811



ENTERTAINMENT GUIDE

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CINEMAS

CONCERTS

Her Majesty's

Bar Mitzvah Boy

by B. A. YOUNG

What makes *Bar Mitzvah Boy* almost uniquely enjoyable among recent musicals is the intelligent, witty, sympathetic book by Jack Rosenthal. Its view of that terrible moment when children have to choose between affection and judgment—specifically in this case when a 13-year-old is told that after his bar mitzvah he will be a man—is most sensitively realised. But the play is very funny as well.

The eponymous boy is Eliot Green, the intelligent son of a Willesden taxi-driver. What worries him when he approaches his passage to manhood is that he may turn out to be a man like his grandfather and his father, who seem to him more childish than he is himself, or even like Rabbi Sherman, who knows the Talmud by heart but can't make a cup of tea. He gets little help from the adult world; his mother cares more about the evening party than the morning ceremony and his father's devotion is so tenuous that he can drive guests to the Synagogue in his taxi on the Sabbath if he parks it out of sight and they walk the last lap.

Leonard Burt

Leonie Cosman, Benny Lee, Harry Towb and Joyce Blair

The ensuing complications belong very much to the world of today rather than the world of the musical stage. The characters, at any rate those at the centre of events, are drawn in relief. The play would be a good play without any music at all, and indeed has been one on television, and this raises two difficulties. In the first place the songs must be good enough not to seem intrusive, and in the second place the actors must know how to act.

Both problems are solved in this stunning production under the direction of Martin Charnin. The lyrics of the songs, by Don Black, don't pitch us, as so often happens, into a world of emotional and verbal cliché remote from the text; on the contrary they continue the manner of the book and are full of neat rhyme schemes. The music is by Jule Styne, in his best form; "Where is the music coming from?", which Eliot's sister Lesley sings after the disaster at the Synagogue, would have been a certain hit in the happy days before pop, so would "The sun shines out of your eyes," couched in an appropriately sentimental vein at the moment of Eliot's reconciliation with his family.

There are no stars among the actors, but they are a competent team, some of whom we know in other surroundings—Harry Towb as Eliot's happy-go-lucky father, Joyce Blair as his vain, empty-headed mother, Benny Lee as Grandad, with no idea in the world beyond a wish that everyone should be happy. There is pleasant work by Ray C. Davis as Lesley's wet boy-friend Harold, and Vivienne Martin as a hairdresser. No one is tried too hard, and acting and singing are always competent.

Eliot is played by a likeable 16-year-old from Manchester, *Barry Angel*, virtually new to the stage. He is admirably natural and unself-conscious, and sings well in a voice with the rough quality of having only just broken. He can sing passages from the Talmud standing on his head as well as sitting at a table. He is not asked to dance much, but can when required. Dancing is more in Harold's line; he has a nice eccentric routine with his song "The Harolds of this world."

The sliding flats of the décor allow swift, almost instant, scene-changes, and Mr. Charnin knows how to insert pathos into a funny routine. When the bewildered Eliot appears at the Synagogue, apart from his innumerable gossiping relations, knowing that he has a more difficult task ahead than merely singing passages from the Talmud, we are almost in the presence of tragedy.

Record Review

Stompin' with Savoy

by KEVIN HENRIQUES

Charlie Parker/Bird/The Savoy Recordings. Savoy SJL 2201.

Lester Young/Pres/The Complete Savoy Recordings. Savoy SJL 2202.

The Red Norvo Trio with Tal Farlow and Charles Mingus. Savoy SJL 2212.

Homemade Jam, Vol. 1. World Records SH 296.

Inner Ear. Rainbow RSL 104.

Arista has recently released an impressive batch of 15 double albums from the once prolific Savoy label. Herein are some of the most durable and significant recordings of the 1940s and '50s, a period when times really were a-changing in jazz.

One of those prominently responsible for the revolution was alto-saxophonist Charlie Parker who, with Dizzy Gillespie, Bud Powell, Kenny Clarke and others was in the forefront of the bop movement. Though even now controversy simmers over the role each man played in the development of the new jazz there is no conflict over the prime importance of Parker. The 30 titles he made for Savoy between 1944 and 1949 are presented in order of recording and give a revealing insight into the development of his style at a time when he had recently finished spells with the big bands of Earl Hines and Billy Eckstine.

The opening track (from September 1944) "Tiny's Tempo" is a gentle, simple enough work-out for the saxist. By the fifth track however, "Warming Up a Riff" (November, 1945), he has re-published his style with its glorious, unmistakable edge and rasp. Here he gives a memorable display of fireworks which are repeated later on the tearaway "Ko Ko" and the stark "Parker's Mood" with its short, dramatic opening and closing phrase which sings out the title and which, perhaps, more than any other recording, epitomises the emotion and depth of his playing.

Among the accompanying musicians in the various line-ups are Miles Davis, trumpet, and Max Roach, drums, two other notable figures in the creation of the new jazz. Davis's work is especially interesting, gaining in assurance along the years.

Parker is the star though. His prodigious inventiveness on blues themes and on standards such as "I Got Rhythm" and "Cherokee" was—and frankly still is—without equal.

★

Parker was nicknamed "Bird." Another, but earlier, innovator, tenor-saxist Lester Young, was given the sobriquet "The President," later shortened to "Pres." He was a leading member of the Count Basie band of the 1930s and his lyrical style became the basis for the modern school of tenor-sax playing.

Collected here is Young's entire output for Savoy including previously unissued takes of already released items. All tracks come from 1944 or 1949. Among the former are some made with the Basie band minus the Count. In these Young's solos are meagre within the framework of the crisp arrangements which, on 78 rpm discs at least, gave little scope for extended improvisation.

On the same day as the band recordings Young went into the studio with a smaller group of different musicians. First cut on this session was "These Foolish Things" where he contents himself with an ordinary reading of the melody. Not until the group makes several attempts at pianist Johnny Guarnieri's "Salute to Fats" does the vintage Young emerge. Later, on "Blue Lester" and "Ghost of a Chance" his languid tone, so suited to ballads, is heard at its imposing best.

Towards the end of the fourth side the signs are that he has been listening to the boppers (paradoxically Charlie Parker idolised Young) as witness the third take of "Ding Dong" where his solo flows almost torrentially but never incoherently.

Though these Savoy dates do not find Young at his creative best (often he seems to be holding something back or isn't too bothered to extend himself) they are important because they show him at what is regarded as one of the transition periods in his see-saw career.

★

Another major figure of the bop era, bassist Charlie Mingus was involved in Savoy recordings from the post-bop era, 1950 and 51 to be precise. Mingus joined vibraphonist Red Norvo and guitarist Tal Farlow to form a trio whose musical excellence became almost legendary in its short lifetime. Now close to 30 years later one listens with amazement at the dazzling counterpoint, the audacious interplay and sheer accomplishment of this thoroughly musical unit.

Charlie Parker

Mostly it took standards such as "I'll Remember April," "I Get a Kick Out of You," "Mood Indigo," "September Song" and "Deed I Do" and gave them a stylish and fresh treatment which never spoiled their intrinsic quality.

There was enormous empathy between the musicians and obviously a degree of rehearsal in the construction of the tunes. All three had big listening ears, each taking note of their colleagues' playing. There were no loose ends. Every note was accounted for. Each man contributed essentially to every tune. At times Farlow hits the side of his instrument to give a percussive rhythm to a number. On "Prelude to a Kiss" Mingus plays a lovely basso profondo arco coda. Norvo, an economist of the vibes, always harmonises with impeccable taste.

Though only three players were involved there is nothing slight or lightweight about the music which is effortlessly relaxed, melodic and undated. It is not extravagant to claim that the recordings are classics of their kind.

All three Savoy albums mentioned here are enhanced by refreshingly informative sleeve-notes.

★

Charles Fox does a similarly praiseworthy job on the first jar of *Homemade Jam* which covers British jazz recorded by nine groups in 1935 and 1936. The tracks are rightfully described as "a little out of the ordinary." Indeed how many people actually remember Jack Miranda and His Meanderers or The Black Hand Gang which boasted three flautists?

Memorable playing comes, inevitably, from saxist Freddy Gardner and trombonist Lew Davis ("I Never Knew"). Hugo Rignold, later to be conductor of the Liverpool Philharmonic, plays violin with verve, if not Venuti swing, on "Poor Butterfly" and there is some imaginative ensemble work from The Five Bright Stars (sax, violin, guitar, piano and bass) on four titles including "Tea for Two" and "Nagasaki."

★

Contemporary British jazz, or rather jazz/rock, is confidently played by Inner Ear, a group based in Leicester, whose impressive ability once again makes London-based critics uncomfortably aware of the abundant talent which exists beyond the sound of Bow Bells.

Though the group acknowledges the influence of Chick Corea's Return to Forever it is not a slavish imitation. The themes, by band members, are fresh and interestingly worked out and played.

Inner Ear proves that whatever one's prejudices against jazz/rock (and I do have them) it need not be just boring ostinato figures and synthesisers. Inner Ear's music has a shape and logic and it is notably interpreted by trumpeter Terry Willis and, for two tracks only, London guest, saxist Don Rendell, they play with spirit and admirable sincerity. There is nothing difficult about their resolute music which is a reminder of the continuing creativity of the jazz form.

Festival Hall

Philadelphia Symphony

by RONALD CRICHTON

The Austrian, Gottfried von Einem, is a composer of operas based on novels (Kafka's *The Trial*) and plays (*Danton's Death* by *Büchner*, Nestroy's *Der Zerrissene*, Dürrenmatt's *The Visit of the Old Lady*, seen at Glyndebourne, and quite lately Schiller's *Kabale und Liebe*). These operas, combining adroit, traditional craftsmanship with astute choice of subject, have had some success — more than that in the case of *Danton*. Von Einem's non-theatrical music rarely comes our way, but on Tuesday Walter Weller and the London Philharmonic played his Philadelphia Symphony of 1960 — through an accident to the Philadelphia conductor, Ormandy, this was actually first heard in Vienna.

The three movements are tonal (G for the outside ones, E for the central Andante), the idiom more or ness neo-classical. Von Einem uses a classical orchestra, quite noisily at times. If it had been written between the wars, the 18-minute work might well have been called a Sinfonietta. Much about the music, the dry, clear scoring, the absence of rhetoric or grand statements, reminds one of von Einem's teacher, Blacher. But Blacher had a stronger, more intriguing musical personality. He seemed to draw something from his Berlin background that Vienna, a city that has given so much to so many composers, has on this occasion, at least, denied to von Einem. Or was it Philadelphia that failed to inspire?

There are some mildly pleasing ideas quite ingeniously worked, and some pretty things in the slow movement. In the finale, as well as passing banalities which may be intended ironically but did not sound so in this brisk but not very winning performance, one or two tics rather poignantly reminiscent of a greater Symphony in C, by Stravinsky, now sadly neglected. If the LPO and the other London orchestras gave a new or modern work in every miscellaneous programme there would be justification for an occasional example of von Einem's kind. As it is, one can only sigh for the better things that don't get performed. The remainder of the concert brought the First Piano Concerto of Chaikovsky with Horacio Gutiérrez as super-efficient soloist, and the Second Symphony of *Brahms*.

Churchill, Bromley

The Beaux' Stratagem

by MICHAEL COVENEY

It is Archer, one of Farquhar's two impecunious rakes, who utters that magnificent clarion call to all Restoration upstarts: "Idleness is the root of all evil. . . . The world's wide enough, let 'em bustle." Survival, money and sexual gratification, in that order, are the priorities of Archer and Aimwell in their descent on the sleepy country town of Lichfield in 1706.

Unfortunately, the performances in Patrick Lau's lacklustre production are as relentlessly two-dimensional as the yellow cut-out scenery which hardly differentiates between Boniface's inn and Lady Bountiful's manse. The action's lynchpin should be the dissatisfied, misplaced townee Mrs. Sullen, resentful of her marital status with a sottish mate and fair game for the rakes' progress.

It is a marvellous part, but it needs the individual assault of an accomplished comedienne. J. C. Trewin records how Edith Evans, in 1927, "set the Restoration to her own music," while, ten years ago, Maggie Smith brought her special brand of swooping coloration to bear on William Gaskill's historically realistic production. Sylvia Syms is a tame bird, finding resonance only in her sudden melacholic fit at Dorinda's happiness.

In the bedroom cavorting, where Aimwell and Archer fend off the intrusive highwaymen, Mrs. Sullen needs more than bland surprise to counter her kneeling suitor with the imperishable phrase "Rise, thou prostrate engineer!"

For the rest, the text is inexactly delivered to the point of irritation and, although the cutting of Count Bellair is a minor loss, it renders the passages of below-stairs conspiracy somewhat garbled.

Edward de Souza plays Archer in the manner of a diluted Donald Sinden, Gareth Armstrong is a bombastic Aimwell who leads with the chin, and Jane Collins a pert and pretty landlord's daughter.

Nottingham Playhouse late-night experiment

Nottingham Playhouse is to experiment with late-night plays starting at 11.00 pm. The first will be Alan Drury's story about the National Front entitled *The man Himself* which will be staged tonight and tomrrow.

Wexford Festival—2

D'Albert and Haydn

by MAX LOPPERT

Eugen D'Albert (1864-1932), born in the old Glasgow Grand Hotel, was a great pianist, a Liszt pupil, and, briefly, the husband of another great pianist, Teresa Carreño. He became a renowned pedagogue in Germany, and in the First World War a passionate espousal of the German cause led him to disown his British birth. He was also a composer. While Grove 5 lists piano concertos, string quartets, and a miscellany of orchestral, choral, and piano solo pieces among his compositions, it is for one of his 20 operas that he is chiefly remembered today.

This is *Tiefland*, first given at Prague in 1903, whose "mixture of Puccinian sensationalism and Germanic solidity" (Grove) won it a lasting success in Germany—occasional revivals may still be encountered there. Outside Germany, success has been less durable, though the leading role of Marta has been in the repertory of such sopranos as Maggie Teyte, Flagstad, and Gré Brouwenstijn. Without difficulty one could list at least 20 operas of equal unfamiliarity better worthy of a Wexford revival; yet its production was so spirited and enthusiastic as to justify its inclusion in this year's festival fare.

The Lowland of the title is a Catalonian valley at the edge of the Pyrenees. Pedro, a shepherd longing for marriage (the only woman he has ever seen is the Virgin Mary, in a dream), is brought down from his mountain fastness by the rich and powerful landowner Sebastiano, who offers him Marta in marriage. The wretched Marta was once forced to become Sebastiano's mistress: now he needs to marry for money, and must clear his name. This central triangle, of soprano, tenor (Pedro) and baritone (Sebastiano), is set off by figures from operatic stock—a trio of gossiping village women, an upstanding old bass, the innocent young girl Nuri, the millhand Moruccio in love with Marta, and so on.

Thompson Smillie's reason for putting on *Tiefland* was surely not the rather oblique one of demonstrating, by default, just what a great opera *Jenufa* is; yet parallels between the two operas are easily found (most obviously, in the slashing of a dishonoured heroine by the knife of the man who later saves her); and the nobility of Janacek's opera, a nobility at once musical, dramatic, and spiritual that has nothing to do with the world of *verismo*, exposes very fully the accomplished second-rateness of D'Albert's, which has plenty to do with it.

It is an odd kind of *verismo*. The dramatic patterning and methods of characterisation show the strong influences of *Cavalleria rusticana* and *Tosca*; the music in which these are couched leans in the direction of Wagner or Humperdinck. The thoroughness of the musical working is Germanic—expert scoring, skilful if utterly superficial gestures toward motivic recall and development, a knowledgeable but second-hand range of local colours, quite lacking the immediacy of those purveyed by the Italian composers. The opera is in two halves, the first made up of prelude and first act; as this contains a good deal of expository detail and not much action, it all takes a while to get moving. The second act (and second half) catches fire in its scenes of violence—Sebastiano is strangled by Pedro at the close. The voice parts are fluently written, and somewhat strenuous, as though Tosca, Cavaradossi and Scarpia had been re-modelled for German consumption, for voices muscled to sing Senta, Erik and Vanderdecken.

Mani Mekler and Malcolm Donnelly in "Tiefland"

Even though none of the music stays in the memory, the final impression is of an undeniably effective theatricality, of a rather unworthy kind. It certainly becomes an exciting opera when given with the zest that marked Julian Hope's production, Henri Gallois' conducting, and the singing of the Festival Chorus. As Marta, the Israeli soprano Mani Mekler (a former WNO *Trovatore* Leonora and Glyndebourne First Lady, currently a Stockholm company member) was the talking point of the festival. The voice is not sensuous, and the powerful top notes of which it is capable were often (in the Theatre Royal, anyhow) more penetrative than beautiful; but the attack is keen, the phrasing long, the timbre possessed of a current of electricity, and Miss Mekler is darkly and exotically attractive.

Malcolmn Donnelly, the Sebastiano, matched her in strong attack, stamina, and striking profile. Jon Andrew, a late replacement as Pedro, obviously knows the role; if his singing lacked charm and grace, it was forceful in a school-of-Hans-Hopf fashion, and Mr. Andrew's German is idiomatic. So much cannot be said for most of the members of a large cast, which included Alvaro Malta, a sympathetic bass, and Dinah Harris, very fresh and pretty of voice as Nuri. Roger Butlin's sets were both pleasing and practical; the lighting of them tended to come and go rather abruptly.

★

If I say that I find Haydn's *Il mondo della luna* rather tedious, both in the new Philips recording (Philips 6769 003, £15.99) and in the Wexford staging, I shall no doubt receive an angry reprimand from Our Man in New York, who has declared his enthusiasm for the work more than once in these columns. It is not so much that the Goldoni plot and characters are slight, or that Haydn's music is undramatic ("Every fool knows that," might be the Brahms-like reply), as that in the succession of arias one so often misses any notable degree of intrinsic musical interest. Highly persuasive conducting, elegant singing, and deftly styled production are needed, and such resources might be better expended on the later, musically richer Haydn operas. (It was a pity that Wexford failed to take the opportunity to put on the first British production of *Orlando paladino*, a Haydn opera of great musical splendour.)

In any case, Wexford did not make out a very strong case for the work. Adrian Slack, just elected Mr. Smillie's successor as Festival Director, produced, in heavy, rough-handed fashion, with a lazy dependence on stale jokes and comic routines. The conducting of James Judd was clean, but the orchestral playing lacked colour and beauty of tone. There were grievous weaknesses on the female side of the cast, and rather too much vocal skating on the male side. Ugo Benelli, as Ecclitico, brightened the stage whenever he appeared upon it. His manner is still engaging; but it must be said that the voice has lost much of its former sweetness and easy candour.

Arts News round-up

Weller for RPO

Walter Weller is to be the new principal conductor of the Royal Philharmonic Orchestra. He succeeds Antal Dorati who becomes conductor laureate. Mr. Weller, a 39-year-old Austrian, has been principal conductor and artistic adviser of the Royal Liverpool Philharmonic Orchestra for the past year and will take up his post at the RPO in September 1980.

Mr. Weller will, however, be conducting the orchestra at the Festival Hall on November 7. Other conductors associated with the RPO are Yuri Temirkanov, the young Russian who is principal guest conductor designate, and Sir Charles Groves and Hans Vonk, assistant conductors.

Shakespeare on BBC TV

The most ambitious dramatic project in the history of British television starts on December 3 with the transmission of *Romeo and Juliet*. Over the next six years all of Shakespeare's 37 plays will be screened in a £7m investment of which Time-Life has promised £1.5m.

The plays will be presented in concentrated seasons and in the first, three—*Romeo and Juliet*, *Richard II* and *As You Like It*—will be broadcast on three successive Sundays in December, with *Julius Caesar*, *Measure for Measure* and *Henry VIII* coming in February. It will be the first time that the latter two have ever been presented on television.

Stars of the first season are Patrick Ryecart, Rebecca Saire, Celia Johnson and Michael Hordern in *Romeo and Juliet*; Derek Jacobi, Sir John Gielgud, Jon Finch, Charles Gray and Wendy Hiller in *Richard II*; and Helen Mirren, Angharad Rees, Richard Pasco and James Bolam in *As You Like It*.

Booker Prize for fiction

Kingsley Amis, Iris Murdoch, Bernice Rubens, Jane Gardam, André Brink and Penelope Fitzgerald are this year's shortlisted authors for the Booker Prize. At £10,000 this is Britain's biggest fiction award. The novels chosen are: Kingsley Amis Jake's Thing (Hutchinson) £4.95; André Brink Rumours of Rain (W. H. Allen) £5.95; Penelope Fitzgerald The Bookshop (Duckworth) £3.95; Jane Gardam God on the Rocks (Hamish Hamilton) £4.95; Iris Murdoch The Sea, The Sea (Chatto and Windus) £5.50; and Bernice Rubens A Five-Year Sentence (W. H. Allen) £4.25.

FINANCIAL TIMES

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Thursday November 2 1978

A moment of truth

CRISES, ONCE they are generally expected, have a way of confounding expectation by the speed at which they develop. It has taken only six trading days of the dollar's virtually unchecked slide in the exchanges to persuade President Carter and his advisers to confront at last the real sources of their problems—the excessive growth of dollar credit. They have started to take the decisions which would have been forced on them, far less disruptively, many months ago had America's trading partners not been so willing to buy time and U.S. Government debt through their interventions in the exchange markets. We expressed the hope last week that this support would be withheld. The results have been swift.

Ambiguous event

Since support for the dollar has helped to prolong the crisis, it is perhaps ironical that the most spectacular item in the new measures is the mobilisation of enormous new credits for possible support operations in the future; but this is more or less inevitable. The real question is not whether the new credits are adequate, but how far they will have to be used at all. If the domestic measures turn out to be sufficiently convincing and effective, the new swaps, the IMF application and the offer of foreign currency bonds might go down in history with Britain's borrowings and currency bonds of 1976—the defences that were never tested.

As British experience has shown, an exchange rate recovery is an ambiguous event: it can be a turning point, or a selling opportunity. If selling pressure does revive, the new resources will not look so vast as the figures may suggest, in a world where the Bundesbank spent DM 13bn in eight weeks simply resisting a minor revaluation within the snake.

There will be some difficult weeks and perhaps months before we can gauge the full results of the present measures. A current account deficit running at some $2bn a month cannot be eliminated overnight, and it would be terribly disruptive even to try to do so. The question is whether the monetary squeeze, which was already developing quite naturally before the U.S. authorities took charge of it yesterday, will sufficiently check the demand for new credit to produce an unmistakeably favourable trend. By British standards, a one point rise in lending rates is hardly a credit crunch. However, present interest rates are almost unprecedented in U.S. experience, and are being imposed on an economy where the growth of consumer demand is already faltering.

Shift of resources

In real terms, indeed, there has already been a considerable shift of U.S. resources into the foreign balance. Export volume has recently been some 10 per cent higher than a year earlier, and import volume only three per cent up. However, here again America is treading a path with which we in this country are familiar. A gain in competitiveness can only be obtained at the expense of a loss in the terms of trade, so that the volume of resources required to correct a deficit is bigger than the underlying deficit experienced before the adjustment. The resources shift achieved so far by the U.S., though seven per cent measured against trade volume, is only about one half of one per cent in GNP terms.

Unfortunately, the effects of the dollar's past decline are not yet fully worked out. Dollar commodity prices have already been rising strongly, but the most important commodity price, that of oil, has yet to be adjusted. In the potentially inflationary world created by the financing of huge dollar outflows in recent years, an oil price increase may well provoke further rises in other commodities. In this respect there is a real cost to be paid not just by the U.S., but by the whole industrialised world, both in the terms of trade and in further inflation. These inflationary dangers are inhibiting the expansionary policies in stronger economies which the OECD recently hoped would provide a relatively painless improvement in the U.S. balance.

Inevitable

These are the unhappy but inevitable consequences of leaving the attempt to tackle the dollar problem seriously until the thirteenth hour. President Carter is having to deflate an economy in which confidence is already sagging, instead of a robust one; and many trading partners of the U.S. are now having to tackle the consequences of allowing the dollar outflow to undermine their own monetary discipline. This misfortune, which ought to teach appropriate lessons, could prove something of a tragedy if the recessionary dangers which have resulted from past mistakes now provoke hesitation about the steps which are necessary.

The real test will arise if the present measures do not produce sufficiently clear results in the coming weeks to carry conviction in the market. The temptation will be to buy more time with the credits which have been arranged. We in Britain would readily understand the temptation, because we have succumbed to it so often: but we have also learnt that it does not work.

Delicate judgments

If a proper adjustment is now to be achieved, central banks round the world may have to make some delicate judgments. It may be necessary to use the available credits to accommodate some switching of reserve assets out of dollars, but beyond this point support should remain fairly niggardly. The main burden must rest on the U.S. authorities, who must take further measures if necessary, even at the risk of a sharp temporary downturn. Once confidence in U.S. financial management is firmly restored, all the remaining problems will become much easier to solve. The whole root of the problem lies in U.S. domestic policy, and the solution must be found there.

It is not only in the U.S., though, that the dollar crisis is going to produce a confrontation with reality. The dollar decline has helped to shelter us in Britain from the normal consequences of the rapid rise in costs which has continued, despite apparently tighter money and apparently moderate wage targets. Effective action in the U.S. is likely to have its impact on import costs and interest rates in this country. The immediate prospect is unpleasant: but a healthy economy is one which takes reality in steady doses, and that applies to us too.

A misguided proposal

THE PROGRAMME presented to Parliament yesterday contained little that was surprising and a lot that was calculated to appeal both to the electorate and to the minority parties in the Commons upon whose votes the timing of the next general election will depend. The most questionable proposal, upon which immediate comment has to be made, is the idea of a compulsory system of compensation for short-time working. It is all very well for Ministers to say that such schemes have been operating in other EEC countries. But the arrangements there vary and the particular scheme the Government has in mind seems neither necessary nor desirable.

If it is desired to ease the impact of short-time working in industries which are particularly prone to cyclical conditions—and they are comparatively limited in number—then more direct and less cumbersome methods are available. About 80 per cent of employees in manufacturing industry are already on a guaranteed week. Improving and extending these arrangements can best be done through the normal processes of collective bargaining or, possibly, by introducing schemes catering for individual sectors. Imposing a tax on all employment in order to help a few is truly a case of using the sledgehammer.

A national compensation scheme would help inefficient as well as efficient employers. Like other employment protection schemes this Government has introduced, it would maintain jobs in assisted firms at least partly at the expense of jobs in unassisted firms. Above all, it would provide an incentive to put off change when change was inevitable. The only sure way of creating employment, in the short as well as in the long run, is through improved efficiency and competitiveness.

The fast-approaching battle of The Times

DUGAL NISBET-SMITH director and general manager of Times Newspapers

THE threat by Times Newspapers to stop publication at the end of the month is either very foolish or very much in earnest.

The management would be foolish to try to bluff its way through such an important crisis, because the bluff would probably be called by one of the nine unions involved.

For that reason, almost everyone connected with the papers now believes that the threat to suspend publication of The Times, The Sunday Times and the three supplements on November 30 is completely serious.

It may be significant that in September, electronically operated locks were fitted to all the exit doors. These locks are controlled from a central security office and would prevent anybody from entering the building except by the main lobby. Although the unions requested tighter security measures at the time of the IRA threats, the management did not at that time accede to the requests.

Moreover, many officials of the union chapels (shops) now think it will be impossible to reach the agreements sought by the management in time to prevent a shut-down.

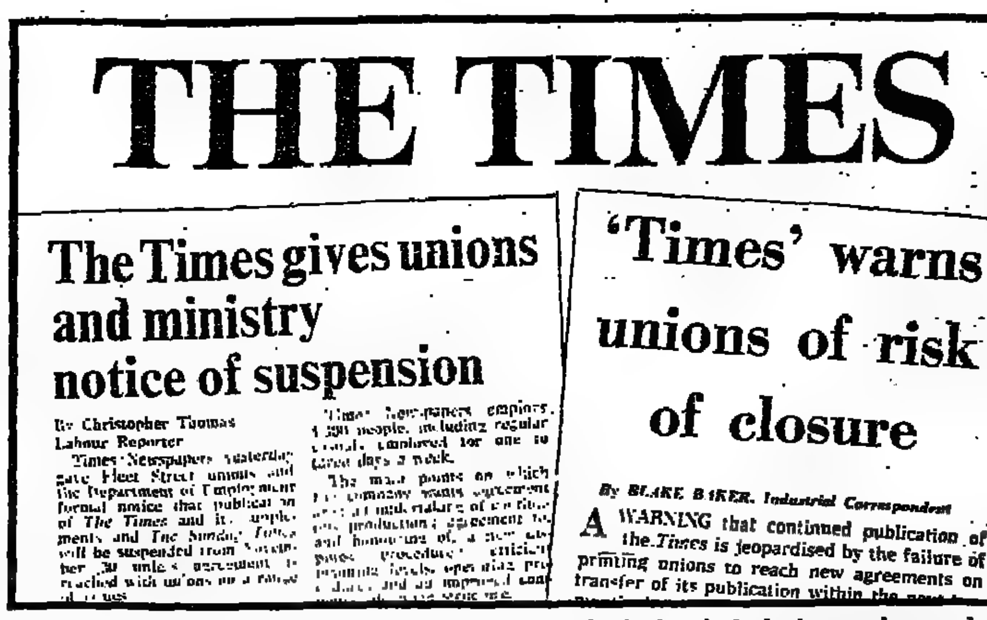
Some, indeed, go further: they allege that The Times management actively wants a shutdown in order to demonstrate its toughness in negotiating new manning levels and enforcing disputes procedures. In support of this view, they say that the management has left far too little time for discussion of its detailed proposals.

Certainly, The Times management has set itself a formidable task in trying to reach agreement with 59 different bargaining units by the end of the month. Its detailed proposals for some of these groups are still being drawn up and have not yet been shown to the union chapels.

The first batch of the proposed agreements was given to the chapels for consideration about the middle of October. Since then a steady stream of documents has been produced with details of The Times management's proposals for the restructuring of its workforce.

Five main objectives appear to be emerging as the management's solution to the historic difficulties which it confronts in common with most other Fleet Street publishers:

- To reduce manning levels by voluntary redundancies and embargoes on new hiring in certain parts of its operations. The scale of reduction in manning levels envisaged varies from almost none among journalists to perhaps 50 per cent in some parts of the printing operation;
- Insistence on adherence to established disputes procedures. The management wants to eradicate the wildcat strikes which have plagued its publications for the last few years, and to put more emphasis on negotiations with national union officials rather than with chapels;
- To reduce the number of bargaining units and cut through some of the Byzantine complications of present negotiating procedures. For example, management would like wage agreements for as many different groups as possible to run from the same date;
- To secure agreement on the manning of new computer-based typesetting equipment which it has bought for £2.5m to replace the old, hot-metal machines, based on Victorian technology. An essential part of the management's strategy is to break down the traditional craft barriers which surround typesetting. It would like journalists and clerks to have direct access to the computer terminals as well as members of the National Graphical Association (NGA);
- The management is offering a series of benefits to its 4,300 employees in exchange for agreement including better pensions, extra pay and more holidays. However, it is trying to make an important break with Fleet Street practice by distributing the benefits throughout the company. In the past, individual groups have been used to negotiating manning levels, work practices and pay as a closed bargaining unit in which they could expect to trade off a past manning agreement for extra pay or vice versa. The Times's new philosophy appears to be that the benefit of reduced manning in, say, the machine room could be redistributed to other workers like, for example, journalists or secretaries. Even if this principle is seen as reasonable in general, it will clearly meet difficulties when it runs up against particular examples of custom and practice.


THE TIMES

The Times gives unions and ministry notice of suspension

By Christopher Thomas Labour Reporter

'Times' warns unions of risk of closure

By BLAKE BAKER, Industrial Correspondent

A WARNING that continued publication of the Times is jeopardised by the failure of printing unions to reach new agreements on transfer of its publication within the

"The Times" reported on September 19 this year (left) that it had given unions and the Department of Employment formal notice of closure; but the threats go back much further, as the Daily Telegraph for example, reported on May 3, 1974 (right).

BY MAX WILKINSON

These proposals by The Times represent a series of very radical steps in an industry which has become notorious for labour disputes and the fierce independence of chapels from their national union leadership.

Why, therefore, has The Times management chosen to introduce them with such a comparatively tight timetable and with a fierce and uncompromising deadline? One answer is that The Times management believes that it has been given no choice by the unions.

Mr. Dugal Nisbet-Smith, director and general manager of Times Newspapers, said yesterday: "So far this year we have lost 11.6m copies as a result of unofficial disruptions. This has meant an estimated loss of £2.6m in pre-tax profit [Times Newspapers expects pre-tax profits of £2.39m this year] compared with a pre-tax profit of £1.8m last year. About 90 per cent of management time is spent in dealing with disputes. As a result we have almost no time left for managing the business and laying plans for future expansion."

The management's case, in short, is that labour relations have become so bad that it simply cannot carry on with the level of disruption which has now become almost customary.

The management says that it has been repeatedly forced by the chapels to negotiate under the threat that publication of one of its papers will be stopped. It is therefore turning the tables by meeting force with force.

Mr. Nisbet-Smith said the management believed there was still adequate time for the chapels to reach agreement. Indeed, he did not think they would be any nearer to agreement now if the management proposals had been on the table for a year.

However Mr. Barry Fitzpatrick, father (shop steward) of the Sunday Times chapel (branch) of the National Society of Operative Printers and Media Personnel (NATSOPA) sees it very differently.

"I have to negotiate 15 different agreements on behalf of 900 people before November 30. It is an impossible task. There simply is not enough time to go through all the details, particularly as the management wants to regroup people into new divisions.

"The management does not seem to have realised the complications involved in grouping editorial secretaries with secretaries in the advertising department. In the past these groups have had separate agreements. Now I shall have to get them all together and try to get agreement on a great many details. For example there are clauses specifying that secretaries have to make tea or coffee."

He thinks it would be impossible to change such longstanding traditions of custom and practice without extensive consultations over a long period, and that The Times's insistence on forcing the pace has resulted in "a complete shambles."

He said: "The damage that has been done to industrial relations is so deep-seated and resentment is so high, that even if agreement is reached it will be a long time, if ever, before morale can be restored and the papers can become happy places to work."

The question of how long Times Newspapers can endure a shut-down is much debated among the union leaders. The cost will depend upon how many of the groups are prepared to sign the agreements now before them.

All those groups which sign will be kept on with full pay. Those which do not sign will be dismissed with normal notice. For the journalists, if they do not sign, this means four months. Other groups will receive only four or five weeks' notice—some as little as two weeks.

For the first few weeks of a shutdown, therefore, The Times management would be faced with paying the full wage bill in addition to overheads. This would probably be around £1m a week. As notices expired, this sum would reduce, but payments would be unlikely to fall much below £600,000 to £700,000 a week, at least for several months. Then the management would face the possibility of substantial claims for redundancy. It would resist these claims, but the rights of sacked employees would probably have to be tested in the courts.

The question of how long the Thomson Organisation would be prepared to bear such substantial losses is very much a matter for speculation. All the indications, though, are that the management is prepared for a closure of months rather than weeks if the worst comes to the worst.

Moreover, it is adamant that it will not be prepared to allow its publications to be "rescued" from closure by any outside buyer. A repetition of the case of the Observer, which was bought by the U.S. oil company Atlantic Richfield after losses became too great, is therefore unlikely.

However, any losses which Times Newspapers may incur as a result of its latest stand have to be considered against the perspective of regular losses by The Times since its was taken over by Lord Thomson in 1966. The accumulated loss up to April 1977 was £20m, borne entirely by the Thomson family's private resources.

Historically, therefore, the group has not seen profit as its main purpose, although the Sunday Times and the supplements have turned in respectable profits in their good years. Against this background it is ironic that the present troubles arise just at a time when The Times is moving back into profit and the Sunday Times and its magazine have demonstrated excellent growth potential.

The management has seen the encouraging economic prospects blighted by the deteriorating labour relations, however. Its inability to guarantee production of its newspapers has resulted not only in a serious haemorrhage of revenues, but also in worries that advertisers will desert the publications in favour of other media, including television.

Some of the union leaders attribute the deterioration of labour relations to the management's adoption of a much tougher attitude to established Fleet Street practices about four years ago.

This may be partly true. In early 1974, when The Times was moving to a new building in Gray's Inn Road, the management started to take a strong line about the need for rationalisation.

In May 1974, Mr. Marmaduke Hussey, the managing director, issued an ultimatum that publication would be suspended from June 22 unless agreement was reached on new procedures. Although agreements were reached in time, they were something of a compromise, and certainly have not met the management's subsequent wishes.

In January 1977, The Times failed to appear for a day because of a union dispute about the paper's report of an article on Fleet Street practices by Lord Astor.

The dispute was settled by the rapid intervention of national officials. But by March, The Times was being hit again as a result of a stoppage by 120 NATSOPA workers in the machine room. After the paper failed to appear for a week, the men were ordered back to work by their union under the threat of expulsion.

The Times's tough tactics appeared to have paid off, but its moral victory did nothing to prevent minor disruptions which frequently delayed editions and resulted in the loss of copies.

One of the major issues now at stake is therefore the extent to which national officials can exert control over the largely autonomous chapels, which have some 360 separate bargaining units throughout Fleet Street. The unions generally would like to see greater discipline among their members, but it is not at all clear whether they will wish to be seen to be in alliance with The Times management in enforcing it. A great deal will depend on how The Times fares in the major publicity battle which will shortly be joined on the television screens as both the BBC and the independent companies move their cameras into the ring.

This publicity struggle will be very important for a management which sees both its main publications as national institutions as much as revenue earners. It has already approached the Government in the hope that pressure will be put on any union chapels which show themselves as unreasonable.

The question which it hopes will be implicitly raised is: "Can Britain do without The Times and the Sunday Times?" By Christmas we may know the answer.

MEN AND MATTERS

The mellow revolutionary

An "assignation" is what Reg Birch suggested. But the head of Platform Four at Victoria was the most dramatic place we could agree on. When I turned up, Birch told me that he had arrived one hour early—as if he had not a care in the world, least of all the just-rejected Ford offer.

For all his reputation as one of the more militant unionists in Britain, Birch stressed that he was keen to see an early resolution of the present dispute. He has been secretary of the committee of unions involved with Ford and stressed: "It is very important to have a successful conclusion so that our members' efforts are not frittered away. It is not right to abuse the people who have made the negotiating gains come about." Could this happen in the next week? "It would be foolish to go into print."

Birch is chairman of the Communist Party of Britain (Marxist Leninist) and has long been talking of the collapse of capitalism. In fact these are the last Ford negotiations that the 64-year-old Birch will handle as on June 6 next year he will resign from his union offices: the age limits are strictly observed.

But he says that he is already pleased with what has been achieved at Ford's, in that Ford workers have "already won in being the first group of any size to shatter the 5 per cent soothsaying."

As for his own career, he says that in the nearly half-century in which he has been involved in strikes the pattern has changed. Until 1960 they were almost always about union recognition and "the dignity of the worker." Now they are mainly economic, he says.

He is a surprising figure to talk to, quoting T. S. Eliot when asked to describe the new Ford negotiator and citing chapter and verse when asked to back up his claim that Shakespeare was the first Marxist.

The prospect of retirement does not seem to disturb him. He does not feel his own union, the Amalgamated Union of Engineering Workers, will change its line when he goes, arguing that British unions have always worked by gradualism and saying, surprisingly, "and that is right." As for his own life, he says he will spend more time with the CPB(ML), with his ten bookshops and with his herbs.

Needles of joy

A storm of publicity accompanied the (misleadingly named) test-tube baby born recently in Britain, but far less attention has been given to another nigh-miracle, the acupuncture calves of California.

These calves came after Sara a brown Swiss cow had long disappointed her owner, Berton Elson a vet at the Alta Dena Dairy in the city of Industry, California. Twelve visits to the artificial insemination centre plus six more natural encounters had failed to make her pregnant.

But acupuncture saved Sara from being reduced to hamburger.

Eight needles inserted along her back for four minutes effected a seemingly magical ovulation. The rest was easy and Elson was one of the few not to be surprised: "It has worked in 10 out of 14 such cases," he boasts.

Welsh partners

Throughout all her recent ups and downs in India Michael Foot has always stood solidly beside Mrs. Indira Gandhi. Now later this month he will be doing so again—in Wales. It is there that the former Indian Prime Minister will be going to open the £1m spiral-weld mill being opened by Natural Gas Tubes. And since it is in Foot's own constituency that the mill is sited what more natural than that he should attend too?

Mrs. Gandhi's own interest is also explainable as NGT is part of the business group of Swajr Paul, chairman of the Indo-British Association. This group includes a company now developing a 10-acre site at Canford Cliffs, near Bournemouth and Caparo Investment which last year was beaten off when it bid for Singlo Holdings and Empire Plantations.

But there is another connection between Mrs. Gandhi and Swajr in that his brother was arrested for making 50 jeeps available to Mrs. Gandhi during an election campaign. But Swajr himself is not disturbed by the charges involved: "It was a technical arrest for two hours on one of the most bogus charges in Indian history. Now the charges could continue for 15 years or simply be dropped when the government changes."

Insiders

The revolution appears to have gained some unusual supporters in Turkey. A colleague reports being handed a leaflet in Ankara this week calling for the end of the U.S. bases in that country. Among the eight organisations which signed was one describing itself as "The Revolutionary Stock Jobbers and Bank Clerks Association."

Mining hope

American businessmen are not usually to be found at the Department of Mines at Imperial College, London, but it was there that I tracked down Robert Sprinkel III, the Californian who is hoping to revive the Cornish tin mine of Wheal Jane.

He told me that his formal feasibility report on the mine should shortly be ready for evaluation by the bankers from whom he is hoping to raise £8m.

Sprinkel, who is aged 43, has been based in Britain for six years and has little time for the suggestion that business is less circumscribed in the U.S.

"There is a much better climate for mining in Britain than across the Atlantic. The views are more balanced. There many people will denounce any hole in the ground as bad and then drive off in their steel, nickel and chromium cars. But here there is a balanced approach, saying "produce, but clean up."

Sprinkel spent ten years as an investment manager before serving his apprenticeship in mining as a consultant to various U.S. firms. His style is larger than life; but when I asked him why he believed he could succeed with Wheal Jane where Consolidated Gold Fields has so far failed, his answer was a quick: "We perceive the mine as it is, not as we would wish it to be. They had five managers in six and a-half years, which cannot be a help."

He recently put together a package which led to the Texan firm, Dresser Industries, taking over a Derbyshire fluorspar mine. Has he other projects in Britain? "In my business you're always looking."

Loansome

Semantics, it seems, foretold the breach between Enver Hoxha and Chairman Hua. The Albanian Constitution forbids acceptance of any foreign loan — and the Albanian word for loans happens to be hua.

Observer

FINANCIAL TIMES SURVEY
Thursday November 2 1978

مكتبة الأصل

MEXICO

Mexican President Jose Lopez Portillo faces a superhuman task in introducing realistic cures for the ills of Mexican society. Nevertheless, the long-awaited process of reviewing and reforming Mexico's political and economic structures is now underway.

BASIC STATISTICS

Area	759,530 sq. miles
Population	62.33m (in 1976)
GNP	1,220.8bn pesos (1976)
Per capita	19,586.074 pesos
Trade (1977)	
Imports	124,094m pesos
Exports	94,140m pesos
Imports from UK	£79,010,000
Exports to UK	£40,844,000
Currency	£1=47.61 pesos

Demand for major reforms

By Hugh O'Shaughnessy
Latin America Correspondent

AT LAST some realism has come to Mexican politics. For nearly four decades, Mexicans had perforce to become used to the rule of a political party, the Institutional Revolutionary Party, or PRI, which said one thing and did another.

From the time of General Lazaro Cardenas, who ruled for six years until 1940 and who was genuinely interested in ruling Mexico in a democratic manner, until two years ago the PRI, and the men who it put into the presidential palace, were masters of subterfuge and contradiction.

The PRI preached change and did all it could to maintain and strengthen the status quo. It paid homage to the heroes of the revolution of 1910, its political ancestors, but was thoroughly unrevolutionary in its practices.

The party said it was on the side of majority of poor Mexicans and, in fact, it represented the interests of a rich minority. The party maintained verbal allegiance to the revolutionary calls for a prosperous and contented peasantry in the countryside — while at the same time it oversaw the process by which the cities swelled beyond bursting point with tens of millions of refugees from the intolerable reality of the land. It preached honesty and abnegation but was corrupt.

The result was that Mexico was rapidly transformed into a society where half the members were undernourished and all but a handful regarded politics, the art which should have been used to the benefit of the majority, with a profound and well-grounded cynicism.

Half the voters decided it was not worth their while to cast their ballots—and who could blame them?

Those who did dare to challenge the system were dealt with by the Government and the PRI with extreme ruthlessness. The massacre of hundreds of people during a peaceful demonstration on the eve of the Olympic Games in 1968 in Mexico City was an occurence which has gone down in Mexican history and a similar massacre was staged on Corpus Christi Day in 1971. Those who wanted to part ways with the establishment had been warned.

When the six-year term of President Luis Echeverria came to an end two years ago many responsible and reliable observers of the Mexican scene were shaking their heads sadly about the future of Mexico, foreseeing that the great demographic pressures would sooner or later bring about a revolutionary cataclysm.

Efficient

Echeverria's successor, President Jose Lopez Portillo, was also a party man who had held ministerial office and who was known as a sober and efficient administrator. To the surprise of many he has begun a process of reviewing and reforming Mexican political and economic structures, attempting to put right what should have been put right decades ago.

His principal idea is to reform the PRI and make it what it has for years only pretended to be, an instrument of healthy social change. To this end he has legalised parties which hitherto had been blocked by the Government from taking an open part in politics.

The Right and the Left have benefited from this move, the Mexican Communist Party being given official recognition alongside the Mexican Democratic Party which may well emerge as an important vehicle for Conservative thought.

Under a complicated system of direct voting and proportional representation, the opposition parties are guaranteed a voice in Congress. The new system, President Lopez Portillo hopes, will have the effect of providing real competition for the PRI for the first time in many decades and gingering it up so that it becomes a real and effective channel for the tens of millions of poorer Mexicans who had totally lost faith in it.

"The aspirations of the poor in Mexico have got to become our aspirations and our policies," one senior party official commented to me recently, adding, "We have got to win over that part of the electorate which now opts out of politics altogether."

As was to be expected, President Lopez Portillo's wind of change is being strongly resisted by those who have done well out of the PRI in its present form. Many senior party figures whose ideas clash head-on with those of the president are still in office. Strong though the powers of a Mexican president are, they have not been strong enough to clout every corner of the party.

Parallel to the political reforms, President Lopez Portillo has been laying his economic plans through which he hopes to create a juster society in Mexico. These were set out concisely by a Government Minister and one of the President's closest collaborators.

The Mexican State has always been in a very weak position vis-a-vis the public sector. Today, the immense quantities of oil the Government-owned company Petroleos Mexicanos has discovered gives a unique opportunity to build up the power of the Government and thereby allow it to push through economic reforms.

A stronger State will, for instance, be able to reform the tax structure and raise direct taxes which are among the lowest in the world. With this new strength, the State will be able to carry out more of the social programmes to help the less privileged which the private sector has hitherto blocked.

The increasing power of the State, as all those connected to the PRI agree, will present no challenge to the survival or indeed to the continuing prosperity, of the private sector. Although the Mexican private sector, privileged though it is, has a habit of protesting very vigorously when it suspects its interests are being affected, and though it is mounting its campaign against the sort of strategies outlined above, it is in fact in no danger.

Measures which really hurt the private sector would be very hard to put into practice in a country such as Mexico which shares such a long border with the United States.

At the most elementary level, for instance, no Mexican government would have the machinery to impose exchange control and physically to block the export of currency across that difficult frontier. For the foreseeable future, Mexico will remain a mixed economy where private capitalism will flourish.

The big new revenues which will come to the Government from Petroleos Mexicanos oil and gas sales will certainly make the Government richer than it has ever been before. Well described by Dr. Valpy Fitzgerald in the current number of the Bank of London and South American Review, the debate about how the oil money would be best used is still going on in Mexico.

Whatever the final outcome of this argument may be, the new oil and gas revenues give the president the possibility of cushioning the country during the tensions which will inevitably come as the political reform gets under way.

The new oil discoveries will also be helpful to the cause of reform in another, more roundabout way. Part of the reason for the ossification of the PRI was that Mexicans felt a certain patriotic duty to maintain national unity in the face of the U.S., the great neighbour to the north. Criticism of the party or resignation from such a great national institution was often interpreted as action against Mexico.

The oil discoveries have given Mexico a new boost of confidence, in part born of the fact that, as a prospective buyer of Mexican oil and gas, the U.S. will be to a certain extent dependent on Mexico. And this confidence, in its turn, will make the task of persuading the PRI that it has no monopoly of patriotism an easier task.

The task that President Lopez Portillo has taken on in trying to roll back decades of political history and take the PRI back to its worthiest origins is perhaps a superhuman one. The entrenched interests which oppose him are very strong. Some political observers see him faltering already by the fact that he has not been able to get his men into all the key positions within the party.

Control

"Every other president was able to control the party within two years of taking power. It's going to take Lopez Portillo three years and then his term is half way over," was the comment of one Government official.

What is more, given the idiosyncratic nature of the party, there is no guarantee that Lopez Portillo's work of quiet and methodical reform will be continued by his successor in 1982.

The President is a man not given to making promises which he cannot keep and, knowing the strength of the forces which oppose his policies, he has not promised very much.

Nevertheless, the fact that he has diagnosed the ills of Mexican society with such clarity and proposed a cure for them with such realism means that Mexican politics will never be the same after he completes his presidential term.

The centre of Mexico City with the monument to the country's independence

Economy on the mend

IN THE two years since he took office, Sr. Jose Lopez Portillo, the Mexican President, has had to confront the country's worst economic crisis since the great depression.

The legacy left to him in 1976 by his predecessor, Sr. Luis Echeverria, under whom Sr. Lopez Portillo was Finance Minister, was enough to cause anyone to take fright and it is a measure of Sr. Lopez Portillo's comparative success that he is now managing to exude an air of confidence—largely due to the vast oil wealth—but nevertheless one which still masks appalling problems.

1976 was a critical year for Mexico. At the end of Sr. Echeverria's six-year term of office, the public foreign debt stood at $20bn (the private sector debt was $7bn) which was a five-fold increase.

Lowest

The balance of payments deficit was $3bn (after a record $3.7bn in 1975), inflation in 1976 was 27 per cent and the Gross Domestic Product at 1960 constant prices rose by 2 per cent, which was the lowest recorded rate since 1953. (The annual compound growth rate during the years 1971-75 was 6.2 per cent.)

In general, apart from electric power, mining and petroleum, all sectors of the economy registered lower growth rates in 1976 compared to 1975 and those of agriculture and fisheries were negative.

Three months before he left office, Sr. Echeverria in the face of capital outflows, the fast-deteriorating economy and the worsening trade deficit devalued the peso after 22 years of unrestricted parity with the dollar. The peso was allowed to float and went from 12.50 to the dollar to 28.5 before it stabilised at the present 22.

Sr. Lopez Portillo was left to pick up the pieces of this watershed in Mexico's modern history. Now, two years later, he can claim a measure of success.

After a real growth rate in 1977 of 2.5 per cent, the GDP increase for this year is confidently being predicted by the Government at between 5 and 6 per cent, which will make it the first time in three years that economic growth is higher than population growth: at 3.5 per cent, one of the highest in the world.

The balance of payments deficit is being forecast at around $2.4bn and inflation is coming down a little to about 18 per cent. The cost of living index rose officially by 8 per cent in the first half of this year, compared with 13 per cent in the same period last year.

However the foreign debt has grown to $25bn, although there is less concern in official circles now at this very high indebtedness because of the country's far better standing on the international monetary market given the general economic recovery and the country's main hope.

The improvement in the general figures led Sr. Lopez Portillo to declare in September, during his annual state of the nation speech, that "the worst is over" and that, as a result, he could now enter stage two of his six-year term of office and consolidate the achievements.

Sr. Echeverria tried to boost the economy and create more jobs by implementing a massive public sector investment programme, but because Mexico has a low taxation level and, because his left-wing rhetoric antagonised the private sector so much, the plans were largely financed from foreign borrowing. Total borrowings of the public sector, as a percentage of the GDP, jumped from 3.4 per cent in 1970 to 9.8 per cent in 1975 and, as the public sector financial requirements increased, so it was necessary to increase the money supply on the level of foreign borrowing.

In 1976, foreign borrowing accounted for 67 per cent of the total deficit financing of the public sector compared to 56 per cent in 1975.

Airports, railways and roads were greatly improved, so bettering the country's generally poor infrastructure; electricity capacity was doubled and public investment in industry and agriculture went up five and six times respectively, but at the cost of foreign borrowing and a rapidly increasing public sector deficit.

In 1977, the public sector deficit rose to 124bn pesos ($5.6bn) and this year, according to the Economics Study Centre of the private sector, the deficit will increase to 167.4bn pesos ($7.6bn); a 34 per cent increase which is considered too much on the high side by some observers, given that this would make the deficit as a percentage of GDP higher than the 6 per cent target imposed by the International Monetary Fund in its borrowing terms for Mexico.

The Government feels that it will be about 5.8 per cent of GDP this year which would make the deficit around 140bn pesos ($6.3bn).

The centre also estimated that the Government's revenue will increase to 594.4bn pesos ($27bn) this year, a 27 per cent increase over last year. The Government's 1978 budget is 912bn pesos ($41.4bn), 35 per cent more than in 1977, but taking the inflation rate into consideration the real increase is only about 15 per cent.

Revenue in Mexico has long been behind expenditure and part of Sr. Lopez Portillo's declared aim during his term of office is to instigate a major tax reform, but so far this has not seen the light of day.

The private sector is very cosseted in Mexico with a high degree of protectionism and very low taxes. Sr. Lopez Portillo has managed to win back their support to the extent that private investment by Mexican companies is starting again after a drastic fall off. One of the first actions the Mexican president took after taking office was to make peace with the Monterrey industrialists (Monterrey is the second most important industrial centre in Mexico), whom Sr. Echeverria attacked so much.

The leading private bank, Banamex, reported in September that of 69 large and medium Mexican companies taken from all sectors with total sales worth 64bn pesos ($2.7bn), 43 per cent of them started to buy new machinery and to expand premises in the first half of this year, compared to 18 per cent in the equivalent period last year.

What is also noticeable is that many companies now, as against two years ago in the aftermath of devaluation, have an excess of capacity, having regard to demand. At the beginning of the year, companies were working at about 68 per cent capacity and now the figure is 78 per cent, add Banamex.

Private foreign investment is also improving with new investments in the first half of this year totalling $102m compared to $98m in the same period last year. The U.S. accounts for more than 70 per cent of foreign holdings in Mexico.

With confidence returning, industrial production could grow by 8 per cent this year, considered rather optimistic, compared to 2.3 per cent last year but, even if this is so, the average for the past two years is still only 5 per cent compared with an annual rate for growth in volume during 1970-76 of 6 per cent.

And with population still growing at 3.5 per cent annually and the tremendous unemployment problem—there are no reliable statistics but according to estimates 17.3m people were "economically active" in 1976 (27.8 per cent of the population)—industrial production needs to pick up a lot more. But advances are being made.

While Sr. Lopez Portillo is determined to undertake tax reforms, he realises that he has to be very careful in the way he goes about it. Businessmen's handsome profits have already been substantially cut in the last two years as a result of the devaluation and any further attempts to get at them in a major way would antagonise them again and run the risk of a fresh flight of capital.

Devaluation

The devaluation led to an estimated $4.5bn leaving the country, mainly to the U.S. Some of this money has returned and the process of "dollarisation" (holding deposits in dollars) is being halted.

The Bank of Mexico reported in September that between December 31, 1977, and August 31, this year, of the 82.8bn pesos of total assets in private banks and those with some Government control, 94 per cent were in pesos and the rest in foreign currencies. Last year the figures were 60 per cent and 40 per cent respectively, so showing a large measure of increased confidence.

There is no doubt that there has been a gradual economic recovery this year. The expansionary budget has had effect. Public spending by sector of activity amounts to 635bn pesos ($28.8bn) with 38.4 per cent, the largest slice, going naturally to oil, industry and electricity (245.4bn pesos); 27 per cent on health and education (174.2bn pesos); 8.9 per cent on administration (56.7bn pesos); 8.4 per cent on agriculture (53.4bn pesos); 8.3 per cent on transport and communications (52.9bn pesos); 6.3 per cent on commerce (39.2bn pesos) and the rest on fishing and tourism.

In six years, the budget has gone from representing 29 per cent of GDP to 42 per cent but it should be borne in mind that Mexico's GDP (1977) is only $80bn which, for a country of its size, is not very great.

Oil and industry are inevitably the major priorities. Agriculture contributes only 10 per cent of the GDP, but it provides employment for one third of the population. Industry's share of the GDP is over 35 per cent.

One of the more spectacular recoveries in output this year has been in the steel industry which in the first half of this year reached 3.3m tonnes—a 25 per cent increase over the same period last year. Under the former president, nominal steel-making capacity was effectively doubled to 10m tonnes and the heavy investment in the steel sector, in which the Government has sizable holdings, would now appear to be paying off.

The increased steel output coupled with the rising domestic demand is reflected in the car industry which for the past two years has suffered a decline in output (10 per cent in 1976 and 14 per cent in 1977). In the first seven months of this year, 204,168 units were sold, compared to 169,026 in the same period last year, a 20 per cent increase, which will see a return to pre-devaluation levels.

The short-term objectives of Sr. Lopez Portillo's programme — restoring confidence in the peso, cutting inflation to try to set a pattern of sustained growth — are beginning to be nearer a solution than anyone envisaged two years ago, but the long-term situation is still very uncertain.

"We have made satisfactory progress towards recuperation," Sr. Miguel de la Madrid, the Under-Secretary of Finance, told me, "but the number one problem remains employment, and we have not succeeded in cutting inflation very much."

Sr. de la Madrid said that he thought the fresh bout of foreign investment which he was expecting next year as a result of greater confidence could go some way towards solving both problems.

Wage demands are out of step with inflation and there is growing impatience in unions. Last year, wage demands in the private and public sectors were held to 10 per cent and this year the public sector has been granting 12 per cent increases and the private up to 16 per cent.

William Chislett
Mexico City Correspondent

Recovery widens trade gap

MEXICO'S PARTIAL economic recovery has had the inevitable effect of increasing the trade deficit.

Last year's austerity measures in the wake of the 1976 devaluation had the desired effect of reducing the deficit by 51 per cent from the $2.7bn of 1976 to $1.3bn. But this year's more expansionary policies will mean that the trade deficit will increase in the order of 50 per cent to around $2bn.

As the economy has recovered and the private sector has regained confidence, so the imports of expensive capital goods, which last year fell dramatically, have begun to increase, enabling production to start returning to pre-devaluation levels.

In the first six months of this year, the deficit was $640m compared to $272m in the same period last year.

Imports which totalled $3bn in the first half of this year, compared to $2.4bn in the equivalent 1977 period, are rising faster than exports, which, in the first six months of 1978, totalled $2.4bn compared to $21.1bn in 1977. But for the exports of crude oil, which represent about half the total value, the picture would look far worse.

It is a vicious circle for, as a developing country, Mexico can only get back on its feet, at least in the short term, by trying to boost production as much as possible. For example, up until March of this year Mexico was exporting 200,000 tonnes of cement a month but the Government stopped exports in March because it was found that all cement was needed for local construction — a sign of economic recovery. But, as a result, a valuable part of exports disappeared.

As a country which imports primarily capital and intermediate goods, which can no longer produce enough to feed itself and, far worse, whose agricultural production is lagging behind the population increase, the net result is a rise in the trade deficit. Exports cannot yet compensate for imports but they may well do so, according to some optimistic reports, by 1980 as oil production increases rapidly.

Oil exports could even turn the deficit into a surplus but oil will not be the long-term solution in itself, unless, as Sr. Adrian Lajous, the director of the Mexican Institute of Foreign Trade, told me: "We increase agricultural production, increase capacity, and keep costs down."

Last year 202,000 barrels a day of crude oil (worth a total of $884m) were exported and this year a daily average of 500,000 barrels is expected to be the final figure, worth $2.4bn, according to Pemex, the State-owned oil company.

Pemex says that if its expansion plans and forecasts are right, then Mexico could be earning over $8bn by 1982 from exports of crude, natural gas equivalent and refined products —worth 50 per cent more than the total imports of goods in 1977—but officials point out, that this will be no good if Mexico then has to use these vast foreign exchange earnings to pay for a hefty food imports bill. Imports of sorghum grain went up by two and a half times last year, compared to 1976, and corn by 57 per cent.

Oil is the Mexican export success story and, in 1977, represented 30.7 per cent of total exports. In 1976 it represented 15.8 per cent. Behind oil is coffee which now takes 10.3 per cent of the total. Last year coffee exports were up 32 per cent to $439m. Exports of cars and parts also increased well last year by 24 per cent over 1976, making it the number three item in exports after oil and coffee.

Mexico has a diversified market, unlike many other developing countries which tend to centre their exports on one or two products.

The great bulk of exports go to the U.S. which, in 1977, took 66 per cent of Mexico's exports (the next largest market is Brazil with 4 per cent of exports). Mexico buys from the U.S. 62 per cent of its total imports. On this front, there is more salutary news for Mexico's trade deficit with the U.S. is fast decreasing and this year there is talk that the trade between the two countries could be balanced as a result of the oil exports to America.

For the first half of this year, Mexico's deficit with the U.S. was only $128m, compared to $235m in the same period last year. Last year's total trade deficit with the U.S. was $904m.

The U.S. took 88 per cent of Mexico's total crude exports in 1977, 73 per cent of coffee; 80 per cent of car engines and 93 per cent of frozen shrimps.

While Mexico would like to try new markets it is faced with the reality that it cannot but help concentrate on the U.S. as it is so vast and near a market, making transport costs minimal.

This apart, there is also a noted lack of enthusiasm on the part of Mexicans—as opposed to the many multinational com-

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Ties with the U.S.

THE PRINCIPAL aim of Mexico's foreign policy in 1978 is the same as it was in 1878 or even half a century earlier, the establishment of a satisfactory relationship with the U.S. In the course of the 19th century that colossus absorbed hundreds of thousands of square miles of Mexican territory and in the 20th it rose to the status of a world super power whose every major decision, economic and political, had to be pondered in Mexico City.

In the 20th century too the U.S. became a much larger trading partner than all Mexico's other trading partners put together. For a century and a half therefore the U.S.-Mexican relationship had all the appearances of a poker game in which the strongest cards were always falling into the hands of the Anglo-Saxons. Whatever tricks the Mexicans won were won not by strength but by a mixture of courage, bluff and pride, aided from time to time by blunders on Washington's part.

Now at long last the Mexicans are holding one big ace in their fist. Mexico has found vast new reserves of oil and gas and the U.S. has an ever-increasing thirst for those two items. By the early part of the next decade Mexico will be supplying the U.S. with an appreciable share of its energy needs. Prices will doubtless be as low as the U.S. will get anywhere and the supplies will come safely overland through pipelines rather than across the seas in tankers.

All this has led the U.S. to embark on an exercise that the Mexicans believe Washington should have undertaken long ago—the elaboration and adoption of an integrated policy towards Mexico which will take account of the fact that Mexico is beginning to be strategically important for U.S. interests. In a few weeks' time President Carter should have on his desk the results of a big re-think by many departments of the U.S. Administration about what Washington's relationship with Mexico should be. After a century and a half when the Mexicans took Washington seriously Washington is now beginning to take the Mexicans seriously.

While the Mexicans are pleased with this development they are being careful not to play their oil cards too brashly or aggressively. Though it is constantly being wooed by the Organisation of Petroleum Countries (OPEC) to join that body, Mexico, after a period of lively internal debate, has decided not to join. President Lopez Portillo has said more than once that Mexico does not intend to undercut OPEC prices and Mexico's unflinching rejection of the very low price for natural gas which the U.S. was offering last year has shown that the country does not intend to allow the U.S. to consider Mexican energy supplies a soft option.

At the same time Mexico does not want to be embroiled unnecessarily in the political debate surrounding OPEC. Some leaders say, for instance, that Mexico would never stick to the OPEC oil prices if these were raised excessively for reasons principally linked to differences between the Arab OPEC countries and the U.S. over the course of events in the Middle East.

Mexico does not want to be exposed at any time to reprisals from the U.S. which could be much more serious for the country with its long border and flourishing trade with the U.S. than they would be for the average OPEC country sited thousands of miles away. Mexican officials point out that much of the motive force which created OPEC, namely the need to exercise control over foreign oil countries operating in individual OPEC countries, was absent in Mexico, which had nationalised its oil industry in 1938.

The country's foreign policy makers hope that Mexico's position as a willing seller of oil and gas to the U.S. will generate in Washington some greater understanding for Mexico's other problems. There is for instance the perennial problem of illegal Mexican workers in or seeking to enter the U.S. which needs careful handling by Washington and which is hardly going to be solved by the present U.S. policy of building what the Mexican newspapers are calling a "Berlin Wall" along part of the frontier. Washington—and Wall Street—will also, it is hoped, come to terms with the ideas of President Lopez Portillo and accept that Mexico needs a good dose of "political" and economic reform if the gap between rich and poor is to be narrowed and accept also that such a reform, while stopping far short of "Socialism," will inevitably upset business interests and many of the closest friends of the U.S. in Mexico.

The other foreign policy objective of the Mexican Government come a long way behind this first priority of achieving a good working relationship with Washington.

The most noticeable priority of the administration of former President Luis Echeverria, the establishment of Mexico as a major influence in the Third World and the building up of trade links with any country but the U.S. has been quietly abandoned by President Lopez Portillo—not without a sigh of relief from the Mexican Foreign Office.

Happy

The present Mexican Government is happy enough that the Charter of Economic Rights and Duties proposed by Echeverria stands as a monument to his activities at the UN and still has its importance as a document in the debate between the developed and developing world. But Mexican officials look ruefully on the very meagre economic benefits that six years of activity as crusaders in the Third World obtained for Mexico during the Echeverria administration.

Despite some setbacks resulting from Mexico's lack of marketing experience, the Government still hopes that its position as an important oil exporter can assist in achieving foreign policy objectives. It expects to see its position strengthened vis-a-vis the Japanese now that it is planning to sell oil to Japan. At the other side of the world Mexican concern at the continuing Israeli policy of selling arms to the Somoza dictatorship in Nicaragua has been pointed up by the reminder to the Israelis that Mexico is a small but useful source of oil for Israel which should not be taken too much for granted.

Unlike many of the other countries of Latin America, Mexico does not see a strengthened relationship with Europe as a counter to the strong U.S. connection. Britain, Germany and France are seen as useful sources of technology and providers of financial services, but the Mexican Government does not feel that Brussels and the EEC could ever come to rival in importance the influence of the U.S.

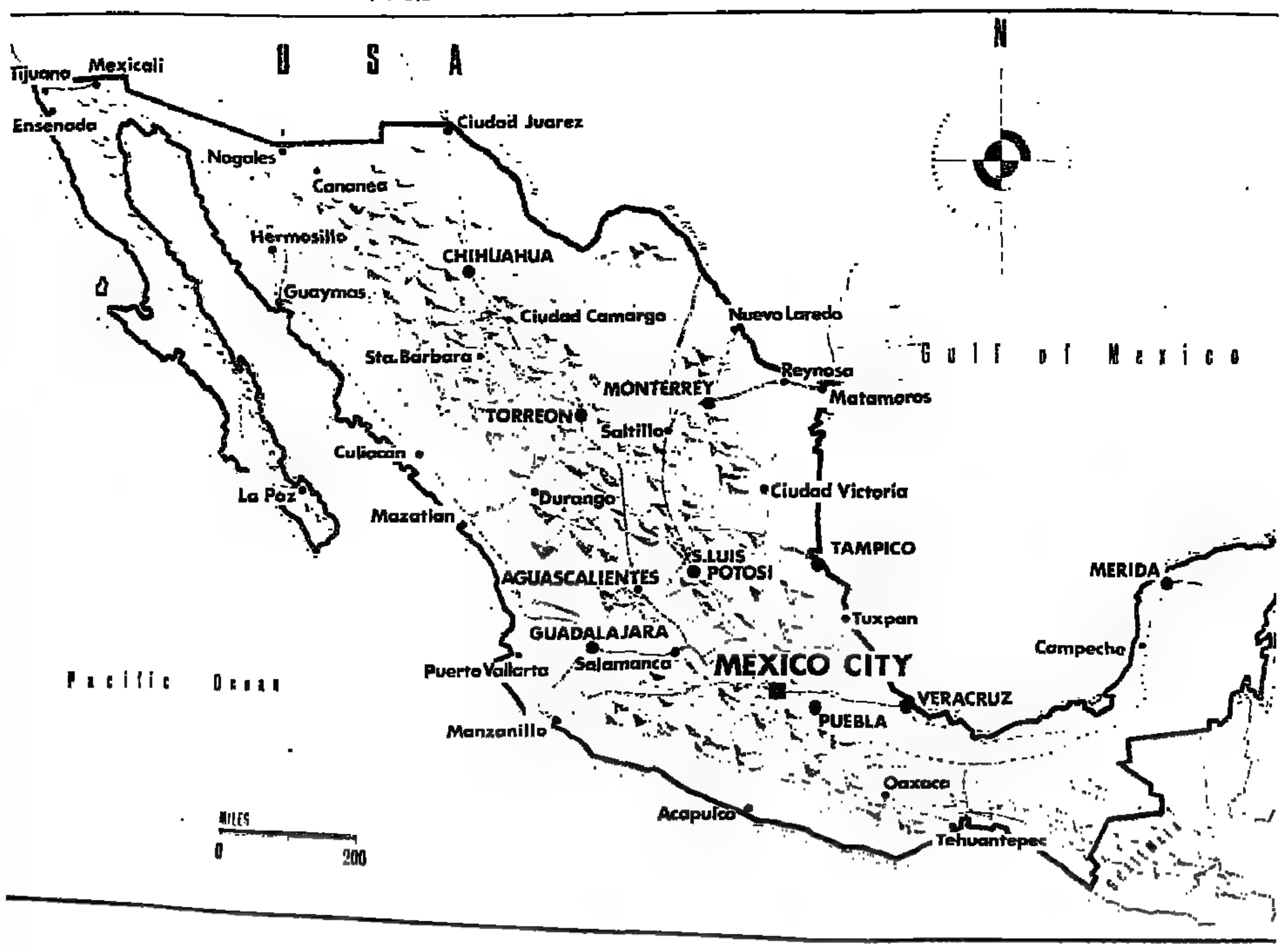
The feeling is all the more marked because at one time the Mexican Government harboured the somewhat unrealistic view that the re-opening of a long-severed relationship with Spain would act as some sort of magic promotional aid to greater trade with Europe. Despite the visit this month of King Juan Carlos to Mexico it is clear that Spain will never become Mexico's bridge to Europe.

If relations with Europe are very secondary to relations with the U.S., Mexico's links with the Communist world are of even less importance. The USSR and China maintain large embassies in Mexico City and President Lopez Portillo visited Peking last month. Mexico's desire for relations with both the Communist powers has not been transformed into economic relations of great importance—and one suspects that this state of affairs will be slow to change.

As far as links with the rest of Latin America are concerned Mexico has for years placed little store by them, apart perhaps from its decision not to sever relations with Cuba during that country's enforced isolation from the rest of the Western hemisphere. From its position as a near neighbour of the U.S. and its distance from the main countries of Latin America mean that only when the tide of Latin American opinion is running strongly in favour of economic integration does the rest of Latin America impinge much on Mexican policy-making.

Today, with that tide running feebly and the hopes of a succession of integration programmes being disappointed, Latin American policy counts for little. Mexico has certainly advertised its distaste for the Somoza regime in Nicaragua and has given refuge to many of Somoza's opponents. But at the same time it has resisted invitations from the U.S. and Venezuela to become more deeply involved in the political manoeuvring aimed at bringing peace and an end to dictatorship in Nicaragua.

Hugh O'Shaughnessy



Recovery

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panies in Mexico—to seek new markets and boost exports to existing ones.

"There is a nice, fat protected market here," said Sr. Lajous. Mexico, like any developing country, has built up its industry behind protectionism but now the time has come, says Sr. Lajous, to lower the amount of protectionism.

"It is essential if we are to advance, but it must be done carefully," he adds.

Previous governments have said that they will start the process of reducing protectionism but not until the present government has anything been done about it. Last year the Government started to substitute import licences for tariffs with the hope that, while being done gradually it will spur companies on to improve the quality of their products in the light of foreign products being able to enter more easily. And eventually, as the tariffs are lowered, reduce their prices and so make them more competitive.

The Government is also hoping that it will lead to cutting down inefficiencies in industries.

Already tariffs have been imposed on more than 1,000 of the roughly 2,500 products traditionally protected by the import licence system. The private sector looked alarmed when this was first announced, but is beginning to accept the new policy provided that the tariffs remain high and are reduced slowly.

Protectionism created a captive domestic market with companies passing on inefficiencies, outdated technology and high labour costs in the form of increased prices for consumers. Profits were high and so few companies were willing to take the gamble on exports.

The process of trying to make Mexican businessmen more aggressive and less self-satisfied with doing well in the domestic market is a very long one. The process of learning how to export is a hard task.

The former government of Luis Echeverria spent millions of dollars on trade fairs with the aim of trying to find new markets outside the U.S., but companies were reluctant to follow the lead.

Being so close to the U.S. should mean that a little of the American sales aggression should rub off on Mexican businessmen. Impressions are left by the way in which American companies come to Mexico and set up an office — not just to see if they can export more to Mexico but also whether they can import more from Mexican companies. Yet it is an uphill struggle to convince Mexican businessmen to go further afield.

The Mexican Institute of Foreign Trade, which was started in 1971, has closed down three of its overseas offices under the present Government —in Australia, Ecuador and Sweden—as a result of lack of interest in those areas.

Fiscal incentives are also being given. The certificates for the return of export taxes have been revived on a selective basis but export stimuli are no where near as great as given in Brazil.

It is true that the enthusiasm of businessmen to export is also dampened by the formidable bureaucratic apparatus of permits, payoffs and paperwork but unless the effort is made to sell more, Mexico runs the risk, as Government economists point out, of wasting the opportunity provided by the oil.

Everyone with whom one talks mentions the case of Venezuela. Mexico has a better infrastructure and industrial base than most other developing countries but while signs of the will are here the odds against Mexico achieving a sustained trade surplus in the future—in the form of the pressing employment and population problems—may well be too much.

William Chislett

New optimism in banking sector

THE MEXICAN banking sector is starting to radiate fresh optimism and confidence. Memories of the devaluation of the peso on August 31, 1977, still produce shudders of fear down the spines of bankers, but the trauma of that event is now over. Total peso liabilities of the banking sector grew by 67bn pesos ($3bn) in the first half of this year—three and a half times the increase registered during the same period in 1977—and now stand at 588bn pesos ($26.7bn); of which 399bn pesos comes from the private and mixed sector.

Dollar liabilities decreased by 559m in the first six months of this year to $15.8bn at the end of June so confirming the new-found confidence in the peso with fewer dollar deposits.

The private and mixed sector's peso liabilities fell from 275bn in August 1976 to 244bn in the November and not until the following April did they return to predevaluation levels. Since then the private sector has started to pick up at a greater speed, but the situation of non liquid liabilities has not improved to the same extent.

Liabilities

Up until 1972 the non liquid peso liabilities from the private and mixed sector rose steadily and in 1972 they represented 22.7 per cent of the GDP and foreign non liquid liabilities represented 1 per cent. But after 1973, when inflation started to increase and the process of "dollarisation" (deposits in dollars as opposed to pesos as well as capital flights) started to be felt, with the antagonistic relations between the Government and the private sector, non liquid peso assets fell sharply to 13 per cent of GDP in 1977 while foreign non liquid liabilities rose to 2.4 per cent.

This year for the first time since 1973 the peso non liquid liabilities are forecast to increase to 14.8 per cent of GDP and the foreign ones to drop a little to 2.3 per cent. A positive sign but still not approaching the growth rates of the previous period.

Another positive sign of the restored health of the banking sector is the fact that the process of "dollarisation" is slowing down. In June this year dollar deposits represented 28 per cent of total deposits and in June 1977 34 per cent. And as inflation is being gradually reduced so the interest rates become more attractive. In the period 1973-76 interest rates were "negative" to the tune of an average of 5.8 per cent because of the unprecedented inflation after being "positive" for the 12 preceding years to the extent of an average 4.6 per cent. As a result of the restored confidence and better interest rates savings have increased.

One of the Government's main priorities in the banking sector is to stimulate domestic savings in order to strengthen the system, which was badly weakened by the devaluation when an estimated $4bn "left" the country. The peso has stabilised in the two years since devaluation which has an undoubted psychological effect. Peso stabilisation has also meant that the attraction of high domestic interest rates is not being wiped out by new "floating" devaluations.

Probably the most important feature since devaluation has been the restructuring of interest rates in order to attract more long term deposits. Interest rates were revised in May 1977 and now for periods exceeding two years 16 per cent net is paid which, assuming this year's inflation will be 18 per cent, is still two per cent "negative," but less negative than before. The policy seems to be paying because in July 38.5 per cent of deposits were for periods of over three months compared to 30.5 per cent in July 1977.

At the same time the margin between peso and dollar interest rates is being reduced in order to stem the amount of dollars in the domestic banking system—Mexico has complete freedom of exchange transactions. There has been free convertibility of the peso and transferability of foreign exchange for 50 years. On three months deposits the interest rate for pesos was fixed in May 1977 at 11 per cent—an increase of one per cent—whereas dollar deposits for three months went up from 4.8 per cent to 5.5. In September this year the dollar interest rate for three months stood at 9.75 per cent and for pesos the same 11 per cent, so narrowing the difference.

The result of the increased interest rates has been a boost for domestic savings and a reduction in dollar deposits which has enabled the Government to release funds for important sectors and the private sector to get easier access to credit.

Most large banks now deposit 37.5 per cent of their liquid funds with the Bank of Mexico and in order to discourage Mexican companies from borrowing abroad the central bank has established a "future credit" whereby foreign exchange is deposited in the central bank and companies assume a related debt commitment in pesos.

Savings

The increased savings have resulted in the banks being more disposed to grant credit after cutting back extensively after 1973, which in large part was due to the greatly increased financing from the public sector and the requirements that this made on banks. In the first half of this year the credit granted by private and mixed banks went up from 235bn pesos to 277bn pesos. In the same period last year credit granted went from 188bn pesos to 204bn pesos.

In fact up until May of this year there was an excess of credit as regard demand because the banking system has recovered more quickly than other sectors of the economy. As a result many banks bought the Government's Treasury Certificates, launched in January as short term paper issued at a discount to establish a more efficient money market. Now that industry is back on its feet demand for credit has increased and now exceeds offer.

Some bankers feel that the increase in money supply, regulated by the Bank of Mexico, has been too great this year. In the first 10 months Banamex, a leading private bank, estimated that the money supply increased by 31.8 per cent in comparison with the same period last year. This upward trend, dating back to November 1977 could, says Banamex create serious pressures on prices.

It is noteworthy that the central bank is to reduce money supply by 5bn pesos between now and the end of the year, which is a sign that the Bank of Mexico is having second thoughts about its expansionary monetary policy. At the same time inter bank interest rates have increased.

Companies in Mexico do not resort to the Stock Exchange for investment capital because it is a weak institution with few of the quoted companies regularly active and unable to attract savers. Also the banks are against the Stock Exchange entering into competition.

The Bank of Mexico, which with the Finance Ministry enjoys wide powers to control the availability and placing of credit, was inevitably very shaken by the devaluation—about 5 per cent of total assets were reportedly withdrawn in 24 hours—and so is trying to reform the structure of the system. One of the weaknesses has been its high liquidity with a large percentage of savings in the form of "financial bonds" negotiable on demand. These are no longer attainable and will disappear next year.

Another reform, which has now become a trend, is that banks can now perform multiple services. Previously Mexican banks offered only one type of service—savings, deposits, mortgage—but now the move is for the creation of multiple banks to make a more efficient system and reduce the number of banks. The main private banks

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Mexico City's central Alameda Park

Debt burden is eased

THE MEXICAN turn-round since the crisis and devaluation of late 1976 has given bankers great cause for sighs of relief. At its worst, the problem involved effective default by major private sector companies and the possibility that a major renegotiation of the public sector's debt would also be required. To cap all the country's problems, the U.S. banking authorities in the form of the Comptroller of the Currency, proposed new banking rules which would have hit U.S. banks' lending to Mexico very badly. These also have been withdrawn.

Because Mexico was viewed by the international banking community as being in the American "back garden," it had traditionally been regarded by bankers with considerable complacency. The experiences of 1976 and early 1977 shattered this image. Fortunately, the outgoing Echevarria Administration had kept the latest figures for oil reserves under wraps; as soon as he assumed power in late 1976 President Portilla was able to publish sharp increases in estimates of Mexico's oil reserves. The prospect of development of these reserves and the potential foreign currency inflows involved carried Mexico through its year of bad troubles without a complete collapse of confidence in the banking community.

Without this, and the political support implicit in Mexico's relationship with the U.S. (particularly as a Conservative president ousted a Socialist one) it is at least a strong possibility that Mexico would have presented the international banking community with a problem similar to that of Turkey, but on a much bigger scale.

The two big problems of Mexico's debt were first the weighting towards short repayment periods and second the lack of information available on it. Even now, when the problems of the short-term weighting are well recognised and in the course of being ironed out, the kind of information on which analysis of the problem depends is not available.

Information

Thus, some sources of official information say that Mexico's public sector foreign currency debt amounted to $22bn at the end of last year; others put the figure at $20bn. And these figures are for debt which originally had a maturity of at least one year; figures on the public sector's so-called floating debt (debt contracted for periods of less than a year) just do not seem to be available.

On top of this there is the question of the private sector's debt—again just not available, though estimates range around $8-9bn.

In contrast to the other international banks' other really big debtor, Brazil, it is extremely difficult even to estimate the size of Mexico's external debt or foreign currency debt servicing commitments. Given a $25bn approximation for the medium and long-term debt of the public sector and $8-9bn of private sector debt, one can assume a figure of at least $35bn once the public sector's short-term debt has also been taken into account. But no more precise estimates are possible.

After the 1976 crisis was passed the problems associated with financing this large debt have been relatively easy for the last year. However, because the IMF imposed a $3bn per annum limit on the increase in public sector funded debt Mexico has not been able to build up a reserve of foreign currency during the recent period of easy borrowing conditions against the day when borrowing may not be so easy.

At the same time, Mexico has not as yet attempted to take advantage of the borrowers' market to renegotiate earlier more expensive and shorter-term borrowings into loans with a longer final maturity. An attempt by the United Mexican States to centralise and at the same time convert into medium loans short-term foreign currency borrowing by public sector agencies foundered during the summer. Some public sector short-term debt has been repaid and the maturity profile of the public sector funded debt has been considerably improved due to old loans running off and being replaced by new loans of longer maturity. But, by comparison with, say, Brazil, Mexico's external financial position remains relatively vulnerable.

However, as has been ceaselessly pointed out in the last couple of years, Mexico has oil. The achievement in solving the 1976 economic crisis has also restored confidence among bankers. Views of Mexico are currently sanguine: the margins the country is having to pay over inter-bank rates are being cut ever further. Although borrowing to service the existing debt and to finance the projected investment in the oil and gas industries will make heavy demands on bankers there is no evidence at present that they will not be prepared to meet them.

Mary Campbell

Farm output falls short of needs

THE agricultural sector is in many ways the problem child of the Mexican economy. This year, as in the past seven years, agricultural production will fail to meet the increase in population. Production this year is unofficially forecast to increase by between 1.8 and 2.3 per cent whereas population will grow by around 3.5 per cent.

The country has a favourable balance of agricultural trade, but this should in no way obscure the very real problems which exist; not the least the fact that the country's mountainous topography and scarcity of water combine to limit the area which may be cultivated to about 32m hectares or 17 per cent of its total area.

Last year's wheat production of 2.4m tonnes was a 27 per cent decline on 1976. Corn, however, increased by 25 per cent to 10m tonnes. This year it is thought that wheat production should return to more normal levels but there will be no real significant changes in other crops.

Imports

In 1977 1.7m tonnes of maize were imported, worth $191m; 495,391 tonnes of wheat at $45m; and 749,843 tonnes of sorghum: according to figures issued by the Agriculture Ministry. In the first half of this year 194,000 tonnes of wheat were imported ($24m) and 307,000 tonnes of maize: the imports in the third and fourth quarters will push this figure above last year's.

The Government is giving high priority to the farming sector for it employs about 40 per cent of the labour force with many more depending upon it although it only accounts for about 9 per cent of the GDP. As a result the Agriculture Ministry has set as its main objectives for 1978 the production of basic food crops, but not at the expense of neglecting raw materials for industry and export.

Private and state investment last year in the agricultural sector totalled $2.85n of which the state contributed $1.18bn: a 42 per cent increase on 1976. The federal budget for 1978 dedicates 53.4bn pesos ($2.4bn) to agriculture which is 8.4 per cent of the total budget and the fourth highest investment (number one being oil production).

The decisions and options facing the Government are complex. For example, this year 132,000 hectares extra could have been allocated to grow wheat, but instead they were given to chickpeas, cotton and tomatoes—important exports. If the extra land had been made over to wheat, the wheat harvest would have increased by 507,000 tonnes, but the farming trade balance would at the same time have been adversely affected to the tune of $213m (equivalent to 1.9m tonnes of wheat), as a result of the reduced exports.

Last year exports totalled 35.9bn pesos ($1.6bn) and imports of foodstuffs were 18.8bn pesos ($854m) giving a surplus in Mexico's favour of pesos 17bn ($772m). This year, with the expected generally poor harvest as a result of an unusually high amount of rain in July, and the increased imports the agricultural trade surplus is expected to decrease by a third to about 11bn pesos ($500m).

A study by the leading private bank Banamex estimates that as a result of the poor weather and the late planting of crops, with the danger that frosts could ruin some of the harvest, production will increase by a maximum of 2.3 per cent this year compared to 1977. Wheat production according to the bank could be about 2.3m tonnes compared to 2.4m tonnes last year.

Banamex also estimates that it is most unlikely that the production of maize will be greater than last year's 8.9m tonnes.

The target for the first cycle was to sow 4.66m hectares of which 53 per cent was earmarked for basic produce and the second cycle target is 13.8m hectares, basic crops taking 65 per cent. The success of this depends to a large extent on rainfall since so little of Mexico's total hectarage is irrigated. The amount of irrigated land has increased from 2.4m hectares in 1970 to about 3m hectares now, but there are still vast areas of land not being used. The investment required to irrigate a far greater proportion of the total arable land is immense.

A quarter of the federal budget for agriculture is being spent on infrastructural improvements including a target of 35,000 hectares of irrigated land to be rehabilited this year and a further 143,000 hectares to be opened up for new irrigated land.

Plans call for irrigating a further 1m hectares by 1982 and reconditioning another 600,000 hectares. And by the year 2000 the total irrigated hectarage will need to be 10m hectares.

Just why Mexico's agricultural production is so low is the subject of endless discussions and arguments. Agriculture has not expanded at the same rate as other sectors of the economy. From 1971 to 1975 production increased at about one-half that of the population growth rate over the same period and in 1975 and 1976 declined. With so many mouths to feed and with a population which may double by the next century, this lack of production is a pressing problem.

Mexico will obviously never be self sufficient and there is no reason why it should make the superhuman effort required to be so. On the other hand one wonders how much longer the present state of affairs can continue given that so many people depend on the land to scratch out a livelihood.

The battlecry of the 1910 revolution which overthrew the dictatorship of Porrifirio Diaz was "tierra y libertad" (land and freedom) and "the land for those who work on it." The 1917 constitution enshrined this principle and the ejido system (state-owned smallholdings) replaced the haciendas, the large estates. Under the ejido system holdings of more than 100 hectures of irrigated land and 400 hectares of non-irrigated land were divided up and given to the people, who have the right to work a plot of land and pass it on to their descendants, but not sell it or use it as a bank collateral. The law has been modified since then but Mexico still suffers from an abundance of inefficient, small, non-irrigated plots.

The president, Sr. Jose Lopez Portillo, said in one of his "Alliance for Production" tours, which take him out of Mexico City at weekends to meet the people, that the time had come to think less of dividing up the land, more of multiplying its yield, but this has not stopped him from continuing to take demogogic measures like all governments in the past.

In August the Government took over large estates belonging to two powerful political caciques—Sr. Gonzalo N. Santos and Sr. Jesús Robles Martinez—in reply to popular demands. On one estate—El Gargaleole—the 300 people working on it were left without employment and 100 other peasants were given work. The move was typical of the way in which the Government treats many of the agricultural problems and uses it to run up the flag of the revolution periodically to suit its own ends. In substance little changes.

Resources

There are still a lot of speeches in official circles about the need for agrarian reform but the basic problem is not dividing up the land but getting more from it and giving more resources to the people who work on the land.

Sr. López Portillo said in September that: "Whatever the system of land tenure, excessively small landholdings are the antithesis of the lotifundia. The challenge we face is to find a synthesis that will reconcile both extremes and remedy the low productivity of one and the injustice of the other."

Attention is thus being focused on the need to increase yields per hectare. Wheat yields have increased from 3,000 kg per hectare in 1970 to a high 3,761 kg in 1976 and 3,464 in 1977. Maize yields have gone from 1,272 kg in 1971 to 1,359. Mexican corn yields are estimated to be about one fifth of U.S. corn yields.

In conjunction with this the "extension service" is having some success. It is a unit of about 6,000 people which goes out to the poor rural areas to examine crops and yields and see if with improved seeds, better use of fertilisers, insect resistants and to some extent attempts to collectivise the splintered ejido plots, yields can be increased. But in a country the size of Mexico and with the limited resources which are available, this is a mammoth task. People working in the "extension service" have become discouraged because of the lack of funds, which sometimes mean that the transport involved runs out of petrol and the people have to pay for fuel themselves. And then wait months to get reimbursed because of the formidable bureaucracy.

Another developing idea is the Investment Programme for Rural Development which uses World Bank Money and is trying to create a whole infrastructure programme in the state of Puebla by improving not only land, but schools, roads and water supply.

With so many people dependent on the land, many of whom migrate to the cities, the government knows that it must do something to improve the state of agriculture and the mass of campesinos who, at the moment, do not have a high life expectation and so are not as discontented as perhaps they might be. The government has increased guarantee prices to producers of basic crops quite considerably. Wheat, which in 1977 was 2,050 pesos per tonne is now 2,600 pesos and corn has gone from 2,340 pesos to 2,900 pesos.

The one bright spot remains the export crop with last year's 442,523 tonnes of tomatoes exported representing a 25 per cent increase on 1976, but their performance does not make up for a gloomy picture.

W.C.

The Acapulco convention centre

Banking

CONTINUED FROM PREVIOUS PAGE

like Banamex, Bancomer and Serfin have already become multiple banks.

The Government operates its system through 22 national credit institutions serving specific sectors of the economy apart from the Bank of Mexico. Operating under the supervision of the Finance Ministry the most important are Nacional Financiera, which holds the majority equity interest in Altos Hornos de Mexico the major state steel producer, the National Bank for Public Works and Services and the National Bank for Rural Credit.

The Mexican system remains closed to foreign banks and like industry is highly protected. There are no signs yet of a liberalisation of the system. When bankers here talk of "liberalisation" they usually mean their desire for the Bank of Mexico to be less rigid in its fixing of interest rates. There is a move towards freeing the interest rates and letting them be determined by the market.

Foreign banks operating in Mexico cannot accept deposits nor can they hold shares in any Mexican financial institution. Their function is confined to establishing representative offices. The one exception is Citibank which got in before the law was made. At the moment there are 98 foreign banks represented in Mexico, many of which devote a lot of their time to fixing credits.

"We would like to lead manage a credit operation," said one private banking executive. "So far they have all been done by foreign banks and the day when a private Mexican bank lead manages an operation may be the day when foreign banks will exert pressure to have more freedom to operate.

W.C.

Oil production on a giant scale

THERE SEEMS little doubt that Mexico is now one of the world's oil producing giants. Cynics still raise their eyebrows each time petroleos Mexicanos (Pemex), the state owned oil company, issues a fresh set of figures, but even they accept that the country's oil resources really are far greater than at first realised.

As a result of this vast oil potential Mexico has travelled in two years from a serious economic crisis, which culminated in 1976 with the devaluation of the peso, to becoming a developing country with an enviable (for other developing countries) standing on the international monetary market.

The figures speak for themselves. When Pemex first started operating in 1938 proven hydrocarbon reserves in Mexico amounted to 1.2bn barrels. Fourteen years later the figure was 2bn; in 1962 5bn; in 1976 6.3bn; at the end of 1977 16bn and finally at the beginning of September the Mexican president, Sr. Jose Lopez Portillo, announced in his annual state of the nation speech that proven reserves were now 20bn barrels, which is more than the British sector of the North Sea.

Reserves

The president also said that probable reserves had gone up from 31bn barrels to 37bn barrels and potential reserves from 120bn barrels to 200bn. The potential figures includes the probable and proven amounts.

Production of crude oil and natural gas equivalent now stands at 1.4bn barrels b/d: a more than 50 per cent increase from November 1976 when the figure was 907,000 b/d. Consequently Mexico now estimates that it has enough oil and natural gas to meet national demand until the next century. So from being a net importer of crude from 1972-75 (importing of crude ceased that year). Mexico is now a net exporter.

In 1975 94,200 b/d were exported; in 1976 94,400 and in 1977 202,000 b/d. It is estimated that the figure for this year will be 500,000 b/d, worth around $2.4bn: more than double last year's total Pemex earnings which figure (just over $1bn) was a 234 per cent increase on 1976.

It is no wonder then that oil is being held out as the country's main hope of setting the economy right even to the extent that by 1982 — if Pemex's expansion plans and forecasts are right as well as its judgment of the world market — Mexico could be earning a total of $8bn from Pemex's exports (crude, gas and refined products) which would be nearly 50 per cent higher than the country's total imports of goods in 1977.

Not surprisingly this has led to a great deal of nationalistic drum beating. It should be borne in mind that Mexico in 1938 was the first country in the world to nationalise its oil industry. This led to Britain breaking off diplomatic relations for three years and a boycott on Mexico by oil companies, who would neither buy the oil nor sell technology. Ironically, Mexico is now the country selling oil and its technology is among the finest in the world. Also Mexico must be the only country in the world to have a constitution which declares that all hydrocarbons belong to the nation.

Oil is really the only "weapon" which Mexico has in its power to try to combat immense problems like unemployment, which threaten to engulf the country in the not too distant future unless, as is optimistically, but very understandably hoped, oil becomes the national salvation and works a miracle. Indeed, if Sr. Lopez Portillo goes down in history it will be for how he uses the oil wealth and whether he can achieve — which is his overriding ambition — the almost impossible task of using the oil money to create many new industries and even more jobs.

Oil is being found so quickly that target dates which were originally set for 1982 (Pemex's investment programme is for the period 1977-82) are now being brought forward to 1980. For example, part of Pemex's $17bn-$20bn programme for 1977-82 is to increase production of crude and condensates from 1m b/d in 1977 to 2.2m b/d by 1982. Pemex now predicts that this part of the programme will be achieved by 1980 and as a result the country may be able to export over 1m b/d.

Other objectives of the programme, which involves spending three times more than in the period 1938-76, are to drill 1,300 new wells; double the present refining capacity of 850,000 b/d; increase the production of gas from 2.2bn cubic feet a day to 4bn cubic feet a day; triple the petrochemical capacity to 18.4 tonnes; and increase the export of refined products from virtually nothing to 300,000 b/d.

Pemex's capital expenditure this year accounts for over half the public sector's investment of $8.2bn and its total expenditure nearly 30 per cent of the whole public-sector budget.

Sr. Jorge Diaz Serrano, the Pemex director, feels so happy about the future of Mexican oil that in August he boldly declared that export sales for the period 1977-82 at constant prices will amount to $32bn providing that an average 1.1m b/d is maintained from 1980 to 1982.

The priority areas remain the states of Chiapas and Tabasco where oil was first discovered in May 1972. But the search for oil is so intense that Pemex will carry out geological and geophysical work in 28 of the 31 states.

The most developed fields are around Reforma and Samaria, in the south zone, which in 1977 produced 79 per cent of total crude and condensate production producing at a rate of 786,839 b/d of oil. The balance comes from the traditional drilling area of Poza Rica (the central zone) which last year accounted for 13 per cent of the total (126,789 b/d of crude) and the north zone which extends from Tuxpan North to the U.S. produced 7 per cent (67,441 b/d of crude). Very little comes from offshore fields.

Emphasis during the current period will be given to onshore activities, but offshore will not be neglected.

At the moment offshore activity is confined to an area of the Gulf of Mexico off Campeche in front of the existing onshore oilfields. There is also offshore activity to a lesser extent in the north eastern part of the Gulf of Mexico. And exploratory work is also going on in the Pacific off Baja California, where gas has been discovered.

The main offshore interest now is Campeche where, according to Pemex, 8,000 sq km were discovered in August, in the first stage. Offshore production is expected really to begin next year and is forecast to reach 280,000 b/d in 1982.

Formations

The geological formations in the states of Tabasco and Chiapas and offshore are similar and this has led Pemex to believe that these structures could form one giant hydrocarbon basin, which may well stretch across the entire Yucatan peninsular. In September it was reported that potentially rich oil fields had been discovered in the south east of the country near the frontier with Guatemala, but this find is awaiting greater clarification. Some observers have put this find on a parity with the Reforma fields.

As a result of the discoveries Pemex has had to start attracting foreign credit in order to finance its high cost programme. Unlike the North Sea and Alaska's North Slope the oil finds in Mexico pose no major technical problems. Onshore swamps are the main nuisance for engineers.

In March Pemex obtained a $1bn credit facility from a group of 15 banks for 10 years at 1¼ per cent over Libor: the lowest rate yet. It represented the main bulk of the $1.2bn in credit envisaged for 1978. Last year credits totalled $739m.

According to the confidential memorandum put out by the banks at the time of the March loan Pemex's total assets were provisionally estimated as of December 31, 1977, at 187bn pesos ($8.1bn) with total current liabilities at 26.2bn pesos ($1.1bn) and long-term liabilities at 62.1bn pesos ($2.7bn). While Pemex's borrowing is high and could be cramped by the International Monetary Fund's restrictions on borrowing for Mexico, Pemex's total assets/liabilities ratio is well within that accepted by t[he] national and international ba[nk]ing community.

Sr. Diaz Serrano estimated [in] August that "at the prese[nt] prices and volumes of expo[rts] the total debt as of June [30] 1978, is covered by exports [in] two years and three months."

Pemex is certainly signi[ng] contracts successfully. At t[he] moment it is selling either cru[de] or refined products to the U[.S.] (about 86 per cent of to[tal] crude exports), Guatema[la] Costa Rica, Colombia, Ecuad[or] Peru, Brazil, Puerto Ri[co] Israel, Spain, Britain a[nd] Sweden. An agreement has al[so] been signed with Japan in ord[er] to test Mexican crude [in] Japanese refineries and th[is] could eventually lead to a lo[ng] term operation in a ve[ry] important market.

Sr. Lopez Portillo said in [his] speech that oil wealth mea[nt] that the country must [be] "extremely careful" in the w[ay] that it is used and that [a] balance must be found betwe[en] what we are now and what [we] can become." Previously [he] said that "this opportunity ([to] get oil) will only come once [in] history. We have to transfor[m] a non-renewable resource i[nto] a permanent source of wealth.

Many fear that in the ensui[ng] search for oil and the gre[at] importance that will be attach[ed] to it as the mainstay of t[he] economy, social and politic[al] unease will increase a[nd] inflation could soar.

Venezuela (Mexico is secon[d] to Venezuela in oil productio[n] in Latin America) has alrea[dy] advised Mexico that it would [be] better not to get at the oil t[oo] quickly and keep some [in] reserve. Venezuela we[nt] through the same process. Mexico and government officia[ls] here are keen to point out th[at] Mexico does not want to repe[at] the "case of Venezuela" whe[re] inflation soared and the mon[ey] has not been used to ma[ke] structural changes in th[e] economy.

Venezuela in fact slowed dow[n] production last year by 2.7 pe[r] cent, while Mexico increased i[t] by 9.4 per cent. In this respe[ct] it is significant that a "pla[t]form" of production, has bee[n] mentioned at Pemex.

Another problem which ma[y] well have to be faced is wheth[er] Mexico will join OPEC sin[ce] most of its exports go to th[e] U.S. At the moment it ha[s] fervently stayed out, arguin[g] that this is in the national i[n]terest. Sr. Diaz Serrano say[s]: "We don't want to tie th[e] destiny of our petroleum i[n]dustry to the destiny and co[n]duct of international o[il] politics."

Mexico sells her crude f[or] $13.40 a barrel, slightly highe[r] than the OPEC countries, bu[t] cheaper for the U.S. as tran[s]port costs are low. Any attempt by Mexico to join OPEC, co[n]sidered most unlikely, woul[d] undoubtedly be countered b[y] pressure from Washington fo[r] Mexico to keep out of the group.

W.C

The nuclear debate

MEXICO'S Parliamentarians rarely get angry, but the way in which passions were aroused in early October during the debate over the nuclear energy law indicated how seriously this relatively new subject is being treated. In fact debates became so heated that the Congress of Deputies decided to suspend further debate until at least November when it is hoped that tempers may be cooled and the confusion surrounding the new law sorted out.

Having discovered that the country is rich in oil reserves the Government is now deciding what to do with its large uranium reserves and how to develop a nuclear programme for producing electricity.

Mexico is rich in minerals and according to the National Institute of Nuclear Energy proven reserves of uranium amount to 11,000 tonnes and probable reserves a maximum of 600,000 tonnes, although this figure is less certain. As a result Mexico has the capacity to create a nuclear industry for producing electricity (it is one of the main voices against nuclear bomb production in Latin America) but not the necessary technology.

The switch over from burning oil to the use of nuclear energy for electricity production would release millions more barrels of oil for export.

At the moment Mexico has one nuclear power plant under construction at Laguna Verde in the state of Veracruz. Building of the plant, which comprises two 650 MW light-water reactors, began in 1972, but was suspended for four years as a result of changes in Government policy. Work was resumed in 1977 after Sr. Jose Lopez Portillo took office and is now said to be ahead of schedule. The first reactor should be in operation by 1982 and the second by 1983. There are plans to build two more plants of the same capacity in Veracruz.

The first shipment of enriched uranium for Laguna Verde is due to arrive from the U.S. by the end of the year. The date of arrival depends upon an export licence being granted, and the U.S. authorities seem reluctant to release the uranium unless it can have some supervision of Mexico's programme.

Enriched

Laguna Verde needs 167 tonnes of enriched uranium by 1981, 292 tonnes by 1982 and a further 245 tonnes by 1983 in order for the plant to come into operation. Mexico bought 1,000 tonnes of uranium from France for enrichment in the U.S. which has so far cost 3bn pesos according to the newspaper Excelsior. As a result of the high cost Mexico would like to store the enriched uranium herself to cut the cost and such installation may be ready by the end of the year. This would enable the enriched uranium to come to Mexico assuming that an export licence has been granted.

In conjunction the Government has decided to split the Nuclear Institute into three sections. A national centre for atomic energy would replace the institute and exploration and exploitation of uranium would be dealt with by Uramex. A separate department would be concerned with research and another for security.

The Nuclear Institute's trade union has protested that the splitting up will lead to the loss of jobs and they argue that for a nuclear programme to advance the institute should be more integrated and not split up. At the same time the debate has been used to stage leftist demonstrations demanding that no foreign companies or powers be specifically allowed to interfere with Mexico's programme.

The most sensitive article of the draft law and one which provoked criticism by some deputies and the beating of the nationalistic drum is the one which allows the industry minister to authorise exploration and exploitation. Some people have interpreted this as being suspicious given that Uramex will deal with these matters. Accusations have been made that the Government is paving the way for exploitation of the country's uranium by foreign companies and private Mexican ones.

The Government has denied this, pointing out that it would go against the spirit of the Constitution which makes the State the owner of the country's hydrocarbons — Mexico was in 1938 the first country in the world to nationalise its oil industry. The confusion arises from the fact that companies which have been granted concessions to get at minerals sometimes bring out uranium in the process. These companies would apparently not be affected by the new law. The article concerning the authorisation by the Industry Ministry may be changed; and the article about hydrocarbons to include uranium.

Another sensitive point is that the law mentions the sale of uranium, but only if the country is estimated to have sufficient reserves to last at leas[t] 15 years.

While Mexico's deposits o[f] uranium are not that high com[pared] to those of other countrie[s] —ranking about the 10th largest in the world—the fac[t] that so much of the uranium lie[s] near to the surface means tha[t] the country could very quickly become a major uranium producer with the necessary technology. Scientists last year estimated possible reserves in the state of Chihuahua at 150,000 tonnes and over 1 sq mile of uranium deposits is believed to be near the surface in the state of Oaxaca with deposits in five other states. This gives Mexico an edge over those countries with more uranium but which have to dig deep to get at it.

Mexico would need an immense investment and all available money now is going to the petroleum industry. Some would say too much money is being spent on oil and not enough on other resources.

Early this year, a team of Mexican experts headed by Sr. Francisco Vizcaino Murray, director of the Nuclear Institute, went to London to negotiate with Urenco, a British-Dutch-German group and with British Nuclear Fuels. It is believed that Mexico proposed to supply Britain and Europe with uranium in exchange for technical assistance including the enriching of its uranium abroad. Mexico has a long way to go before it could enrich its own uranium and until it does the extent to which it can really build up a nuclear industry for electricity production will be limited.

W.C.

Gas bonanza brings its problems

GAS could become a rather embarrassing bonanza for Mexico and one that could be the cause of headaches in the future.

Most of Mexico's gas is associated natural gas. It is obtained with the oil—as opposed to dry gas from separate wells—and, inevitably, the ambitious expansion plans to more than double production of crude by 1980 will also mean that natural gas production will go up by the same amount.

The two go hand-in-hand but their futures would now appear to be not so closely linked as a result of the rejection by the Carter administration at the end of last year of Mexico's plan to export large quantities of gas to its neighbour.

Plan

Pemex, the State-owned oil company, aims to increase the production of gas from the present 2.4bn cu ft per day (according to the latest July figure) to 4bn cu ft per day by 1980, with the initial plan of then exporting large quantities.

Last year's harsh winter in America awoke Mexico to the tremendous export potential of gas. Plans already formulated quickly went into action to build an 821-mile pipeline at a cost of $1.5bn and with a capacity of 2.5bn cu ft per day to carry natural gas from the rich oil fields in the states of Chiapas and Tabasco to McAllen, Texas.

Previously, much of the gas associated with the oil fields was flared. With such a rich market on its doorstep, the Government thought that there would be no problem until it ran up against President Carter's energy plans.

"A letter of understanding" was signed in the summer of 1977 with six U.S. gas distribution companies (Texas Eastern Transmission Co., the Transcontinental Gas Pipeline Co., the Florida Gas Co., the Southern Natural Resources Co., the El Paso Natural Gas Co., and Tenneco Inc.), whereby Mexico would sell around [illegible] cu ft of gas per day for six years for $2.60 per 1,000 cubic feet.

Pemex started putting out orders for pipeline and credit, announcing that the cost of it would be paid for by two years of gas exports with exports starting in 1979. But the U.S. Department of Energy considered the price too high and demanded a maximum inter-state gas price of only $1.70 per 1,000 cu ft.

Then the Mexican President, Sr. Jose Lopez Portillo, announced that Mexico would not lower its price and the "letter of understanding," which expired on December 31, was not renewed. Rather than wait for the U.S. congressional energy debate to finish—and thereby failing to realise that until it was concluded, President Carter could not take a decision on the Mexican imports—the Government preferred to stick to its guns, as much out of national pride as anything else.

Mexico needs to earn as much foreign revenue as possible and could have lowered the price by 44 cents to compete with Canadian natural gas. The deal with the companies would have been worth about $2bn a year.

The Government abruptly changed its plans instead and announced that it would use the gas for its own domestic and industrial consumption.

Since then, there has been a complete silence on the issue, with the official position remaining the same as it was almost a year ago, although the U.S. Congress has now approved the Energy Bill. The natural gas part of the Bill, which was approved in October, will mean that the price of gas will be gradually deregulated until 1985, after which the price will be free of controls.

As a result, U.S. companies are now in a position to be more flexible in discussions over the price of gas and there have apparently been some moves on the part of these companies to start negotiations again with Pemex, but the position of Pemex remains the same as that expressed by Sr. Lopez Portillo in his annual state of the nation speech:

The President said: "We must give gas its real value. If we have a surplus, we can sell, consume or keep it in reserve. But we will never under-sell it, which would be equivalent to burning it."

This attitude is the one that appears uppermost in the minds of Pemex officials. As much as anything, the decision is a political one.

Economically, the issue divides itself into two camps: those who say that natural gas is more valuable as an export and those who say that it is better for Mexico to use it—thus cutting down dependence on other energy sources, mainly oil, which would leave more crude to export.

The president also admitted in his speech that when serious recognition was first given to the gas potential "we chose to export it, because this would bring us considerable amounts of foreign currency more quickly, thus allowing us to solve our still overwhelming problems. The other alternative—to use the gas in Mexico—required more time, more promotion and would generate less foreign currency in the short term."

Mexico probably has no choice but to agree on a price, although it is considered heresy to mention this idea. And, of course, a way has to be found of saving face.

Meanwhile, Mexico is pressing on with the domestic part of the pipeline from Cactus, in the south-east, to San Fernando in the north. It is about half-finished after a year's work and is expected to be completed by next year. At San Fernando the pipeline (with a 48 ins. diameter) from Cactus will link up with Monterrey and the northern gas fields. The cost of the pipeline is, according to the president, much less than the original idea, and the use of the south east's entire gas production is, he says, practically ensured.

Nevertheless, the pipeline will still cost around $650m and whether it will go on from San Fernando to the U.S. border remains to be seen. Pemex say that plans for the gas's industrial and domestic use are on the drawing board.

Pemex director Jorge Diaz Serrano said recently that the pipeline would allow Mexico to make use of the associated gas from the south-eastern fields in the majority of industrial towns and would also create new development poles.

There is already a pipeline from Reynosa, on the eastern part of the American border, to Celulosa de Chihuahua in the north-west of Mexico. It would be perfectly feasible for an extension to be made at Torreon, for example, and then down the Pacific side to Durango and other industrial towns.

Most of Mexico's natural gas comes from the south-east and the dry gas from the north. Large quantities of dry gas have been found in the state of Coahuila, near Monclova—the Basin of Sabinas—and around Nuevo Laredo, by the Texas border, since it is dry gas, Mexico can choose whether or not to extract it.

Of just over 2bn cu ft per day of natural gas produced in 1977 the north zone accounted for 23.2 per cent; the central zone was 7.6 per cent and the south zone 69.2 per cent.

Pemex has four cryogenic plants capable of processing 848m cu ft per day and four absorption plants with a processing capacity of 1.5bn cu ft per day. The completion of three additional cryogenic natural gas processing plants with an aggregate capacity of 800m cu ft per day should enable the amount of gas flared to be reduced, to an estimated 2.5 per cent.

In 1975, about 22 per cent of natural gas production was flared, with 24 per cent in 1976 and 13 per cent last year. If the Government's plans are correct, virtually no associated gas will be flaring in the future, but if it has calculated wrongly and overplayed its hand with the U.S. then the future will not be so rosy.

W.C.

Puebla's incongruous mixture

EARLY IN the morning, hundreds of people assemble their market stalls in the narrow back streets of Puebla, capital of the state of the same name, 70 miles south-east of Mexico City.

The mixture is incongruous. Items ranging from black rubber spiders to fruit and vegetables are sold against a musical background varying from "Saturday Night Fever" on record players to street bands comprising trumpets, guitars, saxophone and drum.

Old Dina and Ford buses, painted yellow and red, weave their way through crowds of people and it is amazing to see how many vehicles manoeuvre around corners without knocking over half a dozen stalls.

This is a scene that occurs daily in many other places in Mexico. In Puebla it is more striking, for the state is rich and conservative and Pueblo itself is a charming, old city where Mexican troops put down French forces on May 5, 1862, now a national holiday.

A statue commemorates the event in the Zócalo, the main square, around which are outdoor cafes looking onto the Cathedral and the abundance of Palm Trees.

Puebla was chosen as this year's venue for the Latin American Bishops' Conference in October where the divisions between the conservative and more radical clergy, would have become evident, but the conference was postponed after the death of Pope John Paul I.

Puebla's own divisions become clear to anyone who cares to wander off the elegant boulevard and explore the labyrinthine back streets. On Saturdays, the Mexican Communist Party, legalised earlier this year, can be seen campaigning and signing up members at rallies in the Zócalo, something which would have been unheard of until quite recently, particularly in a state like Puebla where politicians from the ruling Institutional Revolutionary Party have weekend houses and wealthy businessmen live.

While I was in Puebla, the state's newspaper "La Opinion" came out with a front page story announcing that the Communist Party was funding itself from charging seven pesos a day from the 2,000 people who run stalls. The newspaper worked out that this would give the party in Peubla 5m pesos a year and that it was being used to "finance agitation and subversion." True or false, the story serves to illustrate the unease with which the elite view the political reforms.

Barefooted women, their fine Indian features portraying their ancestry, and suckling their babies wander through the market trying to sell plants growing out of food tins and oil cans. In the covered markets huge earthenware bowls bubble with carrots and meat.

Children ride special three-wheeled bicycles used to transport the market wares and on street corners men serve fried bananas and tamales on what look like little steam engines, fired with wood.

Gathered around a young man were a group of about 30 people listening to him praising the virtues of various herbs and pills. Squatting on the dusty pavement he held forth on the incredible cures which the herbs could supposedly work, including treatment for malaria and saving small children from dangerous diseases.

Gathering together the various red and orange pills, plus herbs he put them into a tiny yellow pouch, dampened it with perfume and then stapled on to it a blue card with a crucifix.

He denied that it was witchcraft. Hardly had he finished stapling the card to the pouch than one woman thrust 25 pesos into his hands and several more people also paid for other other pouches: a fair amount of money when it represents more than a quarter of the minimum daily wage for "salaried" workers.

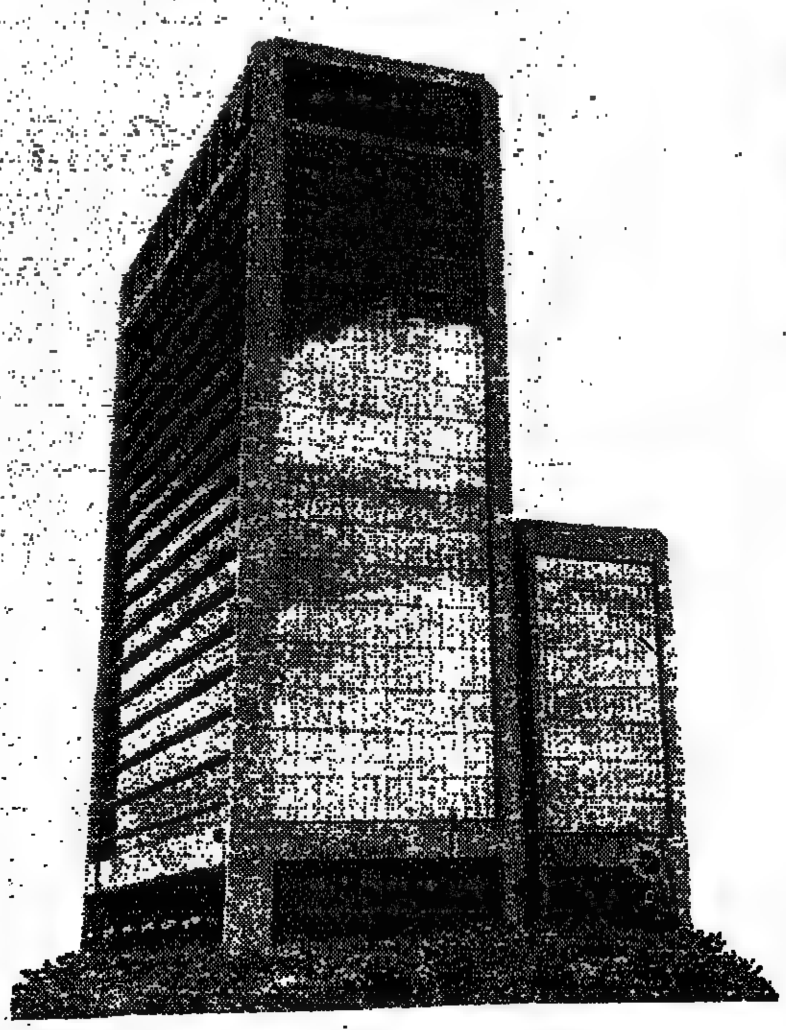
Many of the Mexican poor are superstitious. At Cholula, near Puebla, it is fairly common to see old women entering churches—there are said to be as many churches in Cholula as there are days of the year, but I did not count so many.

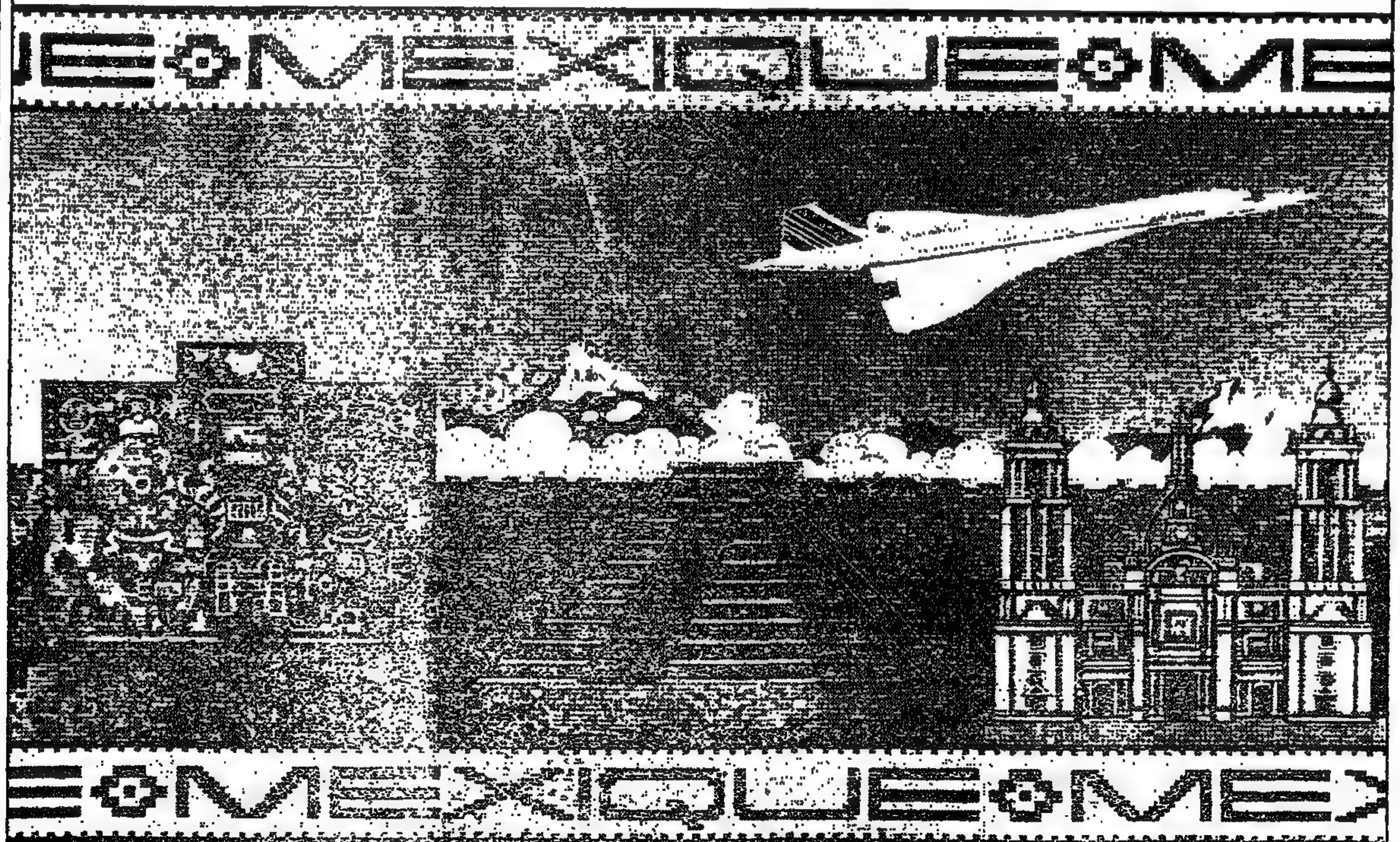
Cholula was the Indian's religious centre until Cortes killed over 3,000 of them in a battle soon after he arrived in Mexico, in 1519. There were 400 pyramids in Cholula at that time and on many of their sites are now churches.

The world's largest pyramid is in Cholula—one would hardly believe it for it is now a hill, crowned on top with the Church of our Lady of Remedies. Not until you go around the site and enter a tunnel, whose maze of passages leads you to the top, do you realise how large the pyramid must have been.

Next to the church is a small chapel where locks of hair, babies shoes, and photographs are pinned to the wall alongside letters of devotion, some of them barely legible, offering thanks for saving people from illnesses—a fascinating insight into a varied people.

W.C.





The desperate search for work

WALK ANYWHERE in Mexico City and the enormity of the country's unemployment problem is immediately obvious. Ragged children leap from the pavement when the traffic lights turn red to earn a few pesos from cleaning car windscreens; men clean shoes by the side of Paseo de la Reforma, the city's six-laned main street, or play musical instruments against the constant hum of traffic: and Indian women carrying their children, wander around begging.

Speech

According to the mass of statistics issued by the Government in September at the time of the President's annual state of the nation speech, 18.8m people are "economically active"—a mere 28 per cent of the 66.9m population. What the Government does not reveal in the statistics is how many people are unemployed. Estimates vary, but it is generally accepted that 47 per cent of the work force is either unemployed or under-employed.

The Mexican workforce is small in relation to the size of the population, because a very high percentage are young people. Last year 34 per cent of the 64.9m population were under 12 years old: the result of the 3.5 per cent population growth rate and a low death rate as the country improves its health services. This high percentage of young people compounds the problem because a young population puts intense pressures on the labour market every year for new jobs.

A clear idea of the gravity of the problem can also be gauged from the fact that hundreds of thousands of Mexicans try illegally to cross the frontier with the U.S. every year in search of work. Many of them cross successfully and about 5m illegal Mexican immigrants are now thought to be working in the U.S., although no one really knows the exact number.

But for the "bracero" movement and the relative ease with which Mexicans cross the 2,000 mile long frontier, the problem of unemployment would be far worse in Mexico.

It is estimated that 800,000 new jobs need to be created every year just in order to stop the unemployment level from rising. At the most, when the economy is going well with a growth rate of 6 per cent, as happened during the period 1971-75, between 200,000 and 300,000 new jobs can be created a year. But this still leaves half a million new entrants into the work force without jobs: not counting those already unemployed.

Economic growth has slumped in the last two years, which has meant an even greater increase in unemployment. This year the GDP increase is forecast at 6 per cent, which should mean that more people this year found work than last year, but even this is not certain.

Everyone accepts that unemployment is the number one problem and there is no lack of rhetoric about the need to improve the situation, but little is being done to alleviate it.

The most hard hit sector is agriculture where about 40 per cent of the work force are unemployed. Twenty four per cent are employed in industry and 34 per cent in the service sector. If the situation can be described as bad in urban areas—in Monterrey, for example, the second industrial centre, 8 per cent of the work force is unemployed and a further 37 per cent underemployed according to the city's institute of technology—it is catastrophic in rural areas where a seething mass of campesinos depend upon the land.

Previous governments were loathe to really admit that the problem existed and their lack of foresight only made the situation worse. The present Government can claim credit for publically acknowledging the problem, but it still has a long way to go before it can credit itself with concrete policies; let alone implementing them.

Officials do recognise that the problem will never be solved unless at the same time measures are taken to stem the population growth and greatly improve the lot of agricultural workers. Cinemas now run family planning advertisements and the Government's family planning service is trying to campaign in rural areas, but with little success so far. And earlier this year the Government set up its first — and long overdue—national employment commission, which will study the problem and report to the president with suggestions.

The plight of the rural poor shows itself in the 1,000 people a day who officially arrive in Mexico City from the countryside.

The bracero movement acts as a safety valve but cannot go on for ever and nor be used to put off solutions in Mexico. The president speaks of the need to export products and not people, but any action by the U.S. Government drastically to cut down on the numbers that cross into the U.S. would have dramatic consequences in Mexico. And so it is likely that while the Carter administration may get tougher with Mexican immigrants for its own domestic reasons, the bracero movement will be allowed to continue. Last year 300,000 more Mexicans were caught illegally crossing the frontier than in 1976 which either indicates a sharp increase in the flow as is probable or reveals a stepping up of measures to combat it by the U.S.

While it is fair to say that the Government lacks a coherent strategy—mitigated to some extent by the overwhelming Odds against it—the president has been at pains to stress that the vast foreign exchange earnings generated by the exports of Mexican crude oil will be used to create new jobs. A separate account will be opened for the oil money, which, says the Government, will be destined towards relieving unemployment. But there are many cynics who do not believe that this will happen.

One of the severest critics of the government on unemployment is Dr. Jorge Bustamante, a researcher at the Colegio de Mexico, who has advised governments on the problem. He has consistently charged that the government is only looking at long-term and not short-term solutions and that there is a pressing need for immediate, emergency measures to combat the problem.

His advice is that the areas and sectors of unemployment should be pinpointed and investment injected to relieve them. At the same time he concedes that the investment needed is immense. Calculating the creation of each new job at between 40,000 and 80,000 pesos, this would give a maximum figure of 4bn pesos ($181m) just to find work for the half a million new entrants to the work force who fail to get jobs in a year.

He accuses the private sector of not doing enough to create new jobs, which he feels will push the Government into taking more action in the public sector, the number one employer. And this would then frighten the private sector, which sees a red flag every time the word nationalisation is mentioned.

Dr. Bustamente's main worry is that the money from oil exports will not be properly used, but will go to maintain the "status quo" instead of creating agro-industries. All of which must bring the day of reckoning nearer.

W.C.

Tourist industry fails to exploit its full potential

THE TOURIST industry in Mexico is an industry which has everything going for it. Firstly, there is no more attractive country than Mexico to visit in the Western hemisphere. Its scenery, beaches and climate are all that the tourist could desire, its archaeological remains will impress even the least archaeologically-minded visitor. The colonial architecture is a delight and there is much of interest in modern Mexico.

Secondly, the people—with the exception of the occasional taxi driver or grasping waiter—are friendly and welcoming. And thirdly, the country has, since the last war, built up a big and generally efficient infrastructure of hotels and communications to deal with millions of visitors.

With many parts of the country still untouched by tourism, there is still a great potential for expansion.

Nevertheless, the industry has been somewhat erratic in the past few years in the number of visitors coming to the country. Last year's figure of 3,237,000 was virtually the same as that for 1973 (3,226,000), and rather less than that for 1974.

The lack of expansion over the last few years was due to a number of factors, among the most important of which were the world recession and the angry reaction of some American Jews to the decision of Mexico to vote in favour of the UN resolution equating Zionism with racism.

With U.S. visitors consistently providing between 84 and 89 per cent of Mexican tourism business, how the U.S. tourist looks at Mexico is of enormous importance to the industry.

After the Mexican vote was announced, the pro-Israel lobbies in the U.S., with their habitual efficiency, mounted a series of energetic protests, cancelling what scheduled tourist activities they could in Mexico and persuading others to do the same. The Mexican Government had to expend a good deal of energy—including visits to Tel Aviv—to smooth over the affair.

The fuss about Zionism has died out now. And the President who ordered the vote, Sr. Luis Echeverria, has been replaced by the more cautious and less verbally demonstrative President Jose Lopez Portillo.

Though there was not much of an increase in the numbers coming to Mexico between 1973 and last year, the Mexicans can console themselves with the thought that the amount of money spent rose from $724m to $863m, roughly in line with the depreciation of the dollar and therefore about constant in real terms.

Another accident has befallen the industry this year and that is the strikes which have disorganised the air services which bring rather more than half the visitors to Mexico.

Strikes by airline personnel have been exacerbated by the decision of Mexican traffic controllers to work to rule, thus virtually halting all night landing and take-offs from the country's principal airport in the capital. As Sr. Ramon Alatorre of the Tourism Ministry says, the effect on the tourist trade in the last few weeks have been very bad indeed.

Results

He certainly fears that the troubled image of the airlines serving Mexico will militate against the industry for some considerable time after the stoppages are eventually called off.

The promising results that the industry was achieving in the first half of the year — when arrivals were up by more than 300,000 on the figure of 1,512,000 of the first six months of last year — are unlikely to be sustained during the rest of the year.

The sector of fastest growth in the next few years, however, is not likely to be international tourism but domestic tourism. The number of Mexicans who take holidays in their own country is not only much larger than the number of foreign visitors, nearly 14m against 2¼m, and it is also growing much faster, having doubled since 1970.

By 1983 it is expected that the number of domestic tourists will have doubled again to 28m. The Government wishes to foster domestic tourism, not least because it wants to reduce the relative amount of money that Mexican tourists spend abroad compared with the amount that foreign visitors bring in.

Last year, the $863m that foreigners brought to Mexico was reduced to a $537m net by the spending of Mexican tourists abroad. That way it may also ensure that tourism retains its importance in the economy where it provides about 10 or 11 per cent of the money earned by Mexico's exports of goods and services.

The expansion of domestic tourism, coupled with the upturn that the authorities hope will come soon in international tourism, will demand a great rhythm of investment that has been achieved during the first part of the decade, on average about 35bn pesos a year.

H.O'S

ECONOMIC VIEWPOINT

Public opinion be damned

Freddie Mansfield

Is an open debate on incomes policy what Mr. Heath really wants?

HOW SHOULD "a good democrat," who believes that the object of government should be to enable individual citizens to satisfy as many as possible of their wants, react to opinion polls which show that a majority of voters on both sides of the Atlantic favour pay and price controls? He should take no notice whatever; nor should he be surprised that the public is in error. It very often is.

In a free, democratic society policy should be designed to enable people to satisfy as many as possible of the wants and the desires they actually exhibit in their individual behaviour.

Of course, no one can have everything that he or she likes. The purpose both of the market and of the political system is to give the voter and the consumer the information on the cost of alternatives to enable them to make their own choices. The advantage of using the market, where possible, is that this enables different individuals to exercise different preferences rather than to impose some majority or average taste.

The wants that deserve respect are personal ones, relating to the rights of people to make what they can of their own lives, with the help, but without the dictation, of their fellow men. But there is nothing in liberal democracy which suggests that the means—as distinct from the aims—of policy should be decided by public opinion.

Incomes policies are regarded by their supporters as a means to prosperity without runaway inflation; and they are regarded by the pay-control lobby as so overwhelmingly important for this purpose as to justify the coercion involved. How much prosperity justifies how much coercion? Is the freedom to exchange one's labour with others on mutually agreed terms a basic one? These are controversial moral questions. But the underlying view that pay controls will help to achieve prosperity without the injustices of inflation is in the widest sense a technical one. It is no more sensible to decide between the rival merits of monetary and pay controls by public opinion polls than it would be to decide between Newton's and Einstein's theories of gravitation in this way.

Dubious science

"But isn't economics a highly dubious science, not to be mentioned in the same breath as physics?" I can hear a critic remarking. "You have two bodies round the corner from each other near Smith Square, the National Institute of Economic and Social Research and the Institute of Economic Affairs. Despite their similarity of name, the two bodies differ not merely on particular theories or in politics. Each regards the other as so misguided in method as not to count as economists at all."

Those observations are correct, but miss the point. The reason for the dubious state of economics is that truth is more hard to come by in the sphere of human interactions than it is in physics. But the extreme difficulty of the subject (Bertrand Russell thought of taking it up, but decided it was too difficult) makes it even less suitable for resolution by public opinion polls.

How can we decide whether to persevere with pay policy or not, if we rule out direct appeal to the people? Certainly not by straw polls of economists. Apart from many other objections, it would be almost impossible to agree on a definition of an economist for this purpose. The answer was given more than 30 years ago by the Austro-American economist, Joseph Schumpeter, when he observed that democracy was a matter of choice, not between competing policies, but between competing teams of leaders. More recent research has shown that voting is rarely related to issues. Voters simplify the problem of choice by shifting attention from policies to consequences—beliefs about the latter are formed, as Butler and Stokes have shown, by "simple inferences from who is or was in power." If there is an overwhelming majority for pay norms, why was Mr. Heath not backed in 1974 when the Conservatives were the Incomes Policy party? Either the public does not vote on issues; or its support is glib and superficial, and abandoned when the going gets rough.

In the end economic policies have to be decided by political leaders and their advisers under the influence of half-knowledge, experience, fashion, prejudice and under non-stop industrial and market pressures. The political market in which leaders are held to account is very imperfect. The good or ill effects of their actions are often not apparent by polling day; and under the British system there is an all or nothing vote on all aspects of performance. There is no possibility, as in the U.S., of voting different ways in Presidential and Congressional elections. It is also too easy for a temporary majority, or even a minority of zealots within a winning party, to impose their will on the rest of us. But though the system can and should be improved (it will never be perfect), instant referenda on everything would only make matters a good deal worse than they are now.

* * *

WHY DOES the public go quite so wrong on pay policy? One reason is that if we are to keep inflation in single figures, pay increases will indeed have to be less than in recent years. For a time pay can be divorced from prices by an improving exchange rate, falls in raw materials, prices and so on. But it is simply not possible for prices to rise by 7 per cent, productivity to rise by 3 per cent and pay by 15 per cent for years at a time. Somehow or other the three have to be brought into line. The fallacy — and it is a subtle one — is to jump from the fact, that when inflation is low so are average pay increases, to the conclusion that the way to get low inflation is to attack pay settlments head on.

The reverse causation from money supply to exchange rates, labour markets, and inflationary expectation and back to pay settlements is unknown territory to most voters. The logic of an interrelated system is hardly obvious to the man on the Clapham omnibus. Even the so-called experts find it confusing enough.

Another and deeper source of misunderstanding is that whereas most people dislike a rising average price level, the function of the price mechanism is a closed book to the great public. There is majority support for private enterprise, but no understanding of free markets as an indispensable mechanism for allocating resources under any ownership system, public or private. It would be a fair guess that most people confronted with the word "prices" think of the "cost of living," which, so it seems to them, always goes up and adds to the problems of life. Changes in *relative* prices or wages, which are necessary to guide production and consumption, thereby become confused with the upward movement of the *general average* of prices and wages associated with currency debasement. Hence the misguided support for price controls, uniform wage norms and all the other nonsense.

"Public opinion" has indeed a habit of getting things precisely the wrong way round. For instance, the aspect of the current Conservative platform that is most popular is the promise of tax cuts and the least popular is the absence of commitment to pay control.

It is in fact the popular tax-cutting part of the Conservative platform that is most open to criticism. There is not the slightest evidence that the taxes on the broad middle mass of votes, paying 33 per cent basic rate, have a disincentive effect. The big disincentive arises from the 83 per cent marginal rates at the top and over 100 per cent rates at the bottom (the poverty trap)—yet these are not the ranges where tax cuts are popular. The only argument for across the board cuts would be if people had clearly come to mutually compatible conclusions about the elements of public spending or subsidy they thought could be better provided out of their own pockets. There is no sign of any such judgment. It is more probable that voters want to hold down other people's pay, while getting something for nothing for themselves through tax cuts. But humanity in the mass is rarely admirable.

Perhaps the saddest fallacy of all is that of those liberal-minded people who ought to know better, and who support pay controls because they believe that unions are too powerful (a view shared by over 80 per cent in a recent sample poll) and who recognise the monopoly aspects of collective bargaining. Have these people not read of all the measures to strengthen the closed shop, and extend union influence to ever-new fields, enacted by Governments as its part of the "Social Contract"? Do they not know that the only bargain now on offer is increased statutory control over prices and profits in return for the vaguest of assurances about voluntary restraint on wages?

Open debate

And has Mr. Heath not noticed these facts? The extraordinary thing is that despite his uncompromising stand, he has not made a single new suggestion about how a pay policy could be made to work in the long haul, despite his own debacle in 1973-74 and Mr. Callaghan's today. In the Lombard column of October 23, I emphasised that Mr. Heath had the right to say his piece without watering it down in the interests of a spurious party unity. But is an open debate what Mr. Heath really wants? Or is he merely interested in giving people orders from the back seat if not the front? He recently said on *Weekend World* "I was able to reassure people that I was certainly not going to stand for a free-for-all." The words "I was certainly not going to stand" are hardly those of free discussion.

But one's greatest disrespect is reserved for some middle-of-the-road and fair-weather monetarist Conservative MPs. A number of these have been running for cover at the first sign of displeasure from the ex-leader, crying party unity and seeking for the wettest and most compromising parts of the party scriptures. In other words the more Mr. Heath—or anyone else—threatens to rock the boat the more they will give in to him. A perfect bullies, charter; not even good practical politics.

These events show how much harm is done by treating the pay policy debate as an aspect of the internal struggles of the Conservative party. At the time of the Vietnam War the media did a great disservice by treating opposition to that cruel and misguided enterprise as a prerogative of the Left of the Labour Party. They are now performing a similar disservice by treating opposition to pay controls as a prerogative of the Conservative Right.

It may be that among those who are politicians and nothing else, such opposition is to be found at the extremes. But among those who have studied the economic issues, belief in a monetary and market oriented approach can be found among plenty of social democrats, liberals and floating voters. Indeed there is already a great deal of crossing of party lines. Mr. Healey in his Mansion House speech put far more emphasis on monetary control and far less on pay policy than Mr. Heath. But being actually in office, the Chancellor can see the—quite predictable—disintegration of pay policy.

Unfortunately, instead of promoting an open debate in the Labour Party and the country, Mr. Healey prefers to put a smokescreen around what he is doing and identifying those who advocated earlier on the policies he is himself being forced to carry out with the exponents of torture in Latin America. Instead of suppressing the pay debate in the Conservative Party, we need an open debate in the Labour and Liberal parties and elsewhere.

Samuel Brittan

Letters to the Editor

Trade union law

From Mr. M. Brady

Sir,—I refer to Professor Johnson's letter (October 30) calling for the reform of trade union law. I submit that the law should not recognise "the freedom to join or not to join a union" irrespective of the conditions of employment. If freedom of contract is to be taken seriously then employers must have the right to offer any terms they want to their employees including a requirement that all employees join a (particular) union.

Professor Johnson further argues that the legal privileges of the trade unions should be abolished. Quite apart from the fact that the legal immunities enjoyed by the unions constitute a much less important source of trade union power than is widely believed, the consistent exponent of individual freedom should in fact advocate that many actionable torts be abolished forthwith. An example is the law of libel which grants each individual a property right in his reputation, i.e., in other people's opinions of him, and thus restricts other people's freedom of communication.

Moreover, "coercion" means something different to a student of English law than it does to a layman and many examples of what the lawyer calls "coercion" do not involve the use or threat of physical force. Although it is certainly true that Governments have sometimes been reluctant to enforce the law against intimidatory violence on and off the picket line, it should be recognised that such activity remains illegal.

Indeed I submit that whatever power trade unions may possess in fixing wage differentials depends—for the most part—on people's firmly held belief in the virtues of union representation and worker solidarity. It should be noted that the smooth working of the labour market is rendered much more difficult by the social security system and high rates of income tax.

M Brady.
Department of Economics,
University College,
Cork.

The future of Leyland Cars

From Mr. F. Pike

Sir,—Well, I have read your editorial "Not much time for Leyland" (October 24) and I have read the letter from Mr. K. Gill (October 30) in which we are assured that the Amalgamated Union of Engineering Workers is determined to campaign for the policies which it believes to be right for Leyland Cars and the British economy. If we continue to be advised of industrial disputes and interrupted production, someone must be putting the cart before the horse.

Three questions need to be answered before the general public can be expected to form an opinion: (a) How many people are employed by Leyland Cars? (b) What level of profits must be achieved before there can be any further discussion of wage parities and differentials? (c) Is the management of Leyland Cars being given the time and the opportunity to develop those policies which Mr. Gill would like to see implemented?

It is easy enough to assign responsibility when things go wrong, but it is quite a different matter to create the happy environment in which an industry will flourish. I shall be impressed when I read that trade unions take their responsibilities so seriously that they are able to spend some of their funds on promoting better relations with the managements on whom their members are so dependent.

F. K. C. Pike,
80, The Shires, Luton, Beds.

Industrial democracy

From the General Secretary, Confederation of Bank Staff Association.

Sir,—Mr. Prior's statement to the Institute of Personnel Management (October 27), that a Conservative Government will set up a "national forum" to be used in the preparation and presentation of economic policy, is to be welcomed. I am of the opinion that the Government has a responsibility to divulge economic information to trade unions, employers and other units of opinion to enable a greater understanding to exist, to share one another's thoughts. In other words, let's have industrial democracy at governmental level.

The system of introducing a "national forum," possibly through the National Economic Development Office, is used in other European countries with considerable effect. It should have a wide measure of support, but it must go beyond the old tripartite, TUC, CBI and Government system.

Looking at the trade union movement, I feel that the Government should not just consult the TUC: there are other groups who represent managerial professional and staff skilled employees and these unions should have a democratic right to be consulted. One such group is the Managerial Professional and Staff Liaison Group which represents nearly a half million union members.

The present and past Labour and Conservative Governments have only consulted with the TUC and CBI, yet it would appear that they have still not got the economic policy right. I am not advocating the exclusion of these two groups, but the inclusion of others to widen the voice of experience and build a position of co-operation and economic climate in this country that enables incentive, increases our output and thereby improves our whole way of life.

Wilfred Aspinall.
35, John Street, WC1.

Disclaimer by a bank

From the Managing Director, Scientific Glass Engineering (U.K.)

Sir,—We would like to draw the attention of any of your readers who are involved in importing, to an apparent development by the clearing banks.

Like many other companies we are one which imports goods for sale both in the U.K. and in other countries. When paying our suppliers, we normally send to our local bank an internally prepared form, together with relevant invoices etc., requesting that the appropriate amount of money be transferred to the supplier. The form gives his name and address, the name, address and account number of the supplier's bank, together with numbers of the relevant invoices.

A few days ago I was asked if we would use the bank's own transfer form for future transactions. On examination, it appeared to be less comprehensive than our own, and I indicated that we would continue to use our own forms. At this, I was told that the bank would not transfer any money abroad unless we signed its form.

The reason is simple. The bank's form includes a disclaimer which we accept by signing the form. This disclaimer restricts its contractual obligations to mistakes caused by its own employees. It does away with its obligations for errors caused by its agents in other countries. So, now when we transfer money abroad, if a mistake occurs somewhere along the banking pipeline, which is not directly attributable to our bank, the problem of recovering lost money is ours.

Generously, our bank says that it would help us with any problems, but that if the receiving bank loses the money by error or fraud, it is our responsibility to obtain redress from the receiving bank. This latter course of action is obviously impractical for many companies if it means going through foreign courts.

Obviously, one can understand bankers' worries, but it seems to us that once again the big guns are trying to get out of their legal obligations at the expense of the small customer. I was assured by our bank that all clearing banks either are, or will shortly be, adopting a similar policy. I was also assured that it would be impossible to insure potential losses as no insurance company would wish to be involved. On approaching another bank, we were told that it would shortly be including a disclaimer on their currency transfer forms. While our own bank still insists that insurance is not possible, its competitors state that it should be.

The purpose of this letter is not to illustrate variations in banking opinions, but to draw to the attention of importers, financial risks which may not have existed previously, and which may affect them in the future, and to deplore these "advances" in banking services. For ourselves, we cannot see why a small additional security premium could not be charged, with, if necessary, a limit on the amount recoverable. If the Export Credits Guarantee Department can operate successfully for exporters, surely an Import Credits Guarantee Department would work.

One cannot help wondering if concerted agreement of this kind is not, or should not, be a breach of the laws governing cartels.

J. A. Baxter.
857, North Circular Road, NW2.

Grants for bus services

From Mr. G. Martin

Sir,—From the point of view of public interest the bus grant is a bad way of giving government support to public transport. So is the remission of fuel duty. Both should be scrapped and replaced by a grant based on service mileage actually run.

The objection to the grant is that it encourages operators to buy new buses without regard to the use they subsequently make of them. A typical figure for the number of spare buses carried by operators today is 20 per cent of peak vehicle requirement. This is three times the corresponding figure of fifteen years ago when buses were unsubsidised. How many taxpaying readers realise that of the buses they help to buy one in six is always out of service? Of the constituents which make up the daily cost of keeping a bus in the fleet the grant halves the impact of the two largest—amortisation of the first cost (now about £35,000 for a double-decker) and the interest charge. It therefore takes away much of the penalty which ought to attach having buses out of service. It is also open-ended in the way in which it operates: provided the buses bought are licensed for stage carriage service and conform to the grant specification there, is no restriction on either the cost or number of new buses which qualify for the grant at fifty per cent of cost.

By contrast the things which bus operators formerly often did to help save money now receive no help at all. Good bus chassis were often stripped and reconditioned after about 10 years' service and fitted with new bodies for another 10. Fleets were often converted with new engines or transmissions to improve their economy or performance. As today an operator would have to pay for such exercises himself they are rarely undertaken; rebodying programmes would increase the demand for bus bodies.

The most serious objection to the remission of fuel duty is that it is inimical to fuel economy. Typically, payments to staff now account for over 70 per cent of all costs of a transport undertaking. Fuel costs are somewhere in the other 28-30 per cent and fuel saving comes very low in management priorities. Almost invariably the new buses today use more fuel than the old ones they replace. Fuel duty remission is also administratively clumsy—fuel is delivered duty paid and remission is then claimed.

A much better way of supporting the bus industry would be to pay operators a grant based on service mileage actually run. All stage carriage services are licensed so the total liability for subsidy could be assessed in advance. It could be paid on certificates signed by garage foremen that the mileage had been run. A subsidy in this form would give the most help to rural services which most need it. It would be related directly to the service provided; a bus which was unfit for service would get nothing. The question of what types of bus to buy, when to replace them and whether to invest in developments to improve the operating economy of existing buses would once again be unbiased management decisions.

Gavin Martin.
Martin Transmission Developments.
1, Old Rectory Garden,
Alcester, Warwicks.

Currency reserves

From Mr. T. Torrance

Sir,—I'm sorry to have to contradict someone outright, but Mr. W. P. Platt (October 27) is simply wrong to say that "a non-resident holding sterling represents a contingent liability on the UK foreign currency reserves."

There is no legal, moral or (I would argue) economic reason for the Bank of England to buy the sterling a non-resident offers for sale. In the absence of any such reason, it is just not the case that there is a liability of the sort Mr. Platt imagines. Indeed, how could there possible be such a liability?

Furthermore, it is false that without official currency reserves we couldn't pay for our imports. Importers could pay for their purchases with dollars obtained by selling sterling over the exchanges at the prevailing market price; and unless the Bank of England chose to intervene as a buyer of sterling, there would, and could be, no drain on the official reserves.

I think it important to realise that talk of non-residents and other sellers of sterling having a claim on the UK reserves, only makes sense on the presupposition that there exists a fixed-rate regime plus automatic Bank of England intervention to maintain the rate.

Nowhere in his letters does Mr. Platt provide the slightest shred of argument to justify the position that a fixed-rate system plus intervention is economically or otherwise preferable to a system of freely floating rates, where sterling could at all times be traded at its equilibrium price. But as I see it, the question of which way this matter should be settled, lies at the heart of any debate about the continuation of exchange controls.

T. S. Torrance.
56, Watson Street,
Aberdeen.

Earnings and pensions

From the Director of Information, Department of Health and Social Security

Sir,—Mr. Manley over-simplified his arithmetic in his letter of October 30 on the earnings rule for retirement pensioners.

The 5,000 pensioners who at present have their pensions reduced because of the amount that they *earn*, account for only a very small proportion—about £2m after allowing for tax—of the £124m cost of abolishing the earnings rule. In addition, there are about 135,000 people who have passed retirement age, but because they are still working, do not at present draw retirement pension. If the rule was abolished, they would be entitled to do so.

John Groves.
Alexander Fleming House,
Elephant and Castle, SE1.

The roads lobby

From Mr. G. Stern.

Sir. — The Department of Transport's leaked Peeler memorandum (October 31) shows four things.

Either Transport Secretary William Rodgers was deceiving us in his pledges against 40-ton juggernauts, or else his department is out of his control, and in either case he must go.

As the highest DT levels state that public inquiries are, and should be, a public relations fraud designed to suppress discussion into the matters ostensibly under review, it is clear that all inquiries under DT auspices must be stopped forthwith.

In stating that the proposed inquiry must not be allowed to actually consider the point at issue (here, 40-ton juggernauts) for fear of delay in implementing road lobby proposals, Mr. Peeler was echoing Mr. Rodgers' own policy. At the third Archway Inquiry, the inspector proposed to examine the case for the Archway motorway in detail, and Mr. Rodgers abandoned the inquiry, giving as a main reason the likely delay in getting the mtorway built. Thus, any proposal to dismiss Mr. Peeler must not neglect his superiors all the way up to Mr. Rodgers.

To those of your readers who favour the road lobby, and who feel that mafia-style methods are needed, I would ask if they can support an organisation which is so incredibly stupid as to state all the details in writing.

Hence, whichever side of the road lobby argument we are on, it is clear that it is not the patriotic person who leaked the memorandum who should be victimised, but rather D.T. which must be got rid of, and its highest levels, permanent and political, which must have no more part in public life.

G. J. A. Stern.
6, Eton Court,
Shepherds Hill, N6.

Today's Events

GENERAL

U.K. official reserves (October).

Capital issues and redemptions (October).

Summit meeting in Baghdad of all Arab states, except Egypt, to discuss ways of countering the Camp David peace agreement.

Mr. Francis Pym, Shadow Foreign Secretary, to address 1922 Committee on Rhodesia.

Herr Helmut Schmidt, West German Chancellor, in talks with M. Valery Giscard d'Estaing, French President, on the proposed Eupropean Monetary System.

"Paris Club" members begin two-day discussions to consider Peru's application for debt rescheduling.

Deadline for settlement of Argentine's Beagle Channel dispute with Chile.

Survey of life in rural areas by Association of District Councils.

Queen holds investiture, Buckingham Palace.

London Chamber of Commerce economic affairs committee meets, 69, Cannon Street, EC2, 2.30 pm.

Sir Peter Vanneck, Lord Mayor of London, presides at Court of Common Council, Guildhall, London.

Thanksgiving service for 2nd Viscount Rothermere, former chairman and president of Associated Newspaper Group, St. Margaret's, Westminster, noon.

PARLIAMENTARY BUSINESS

House of Commons: Queen's speech debate—Health.

House of Lords: Queen's speech debate.

COMPANY RESULTS

Final dividends: Stothert and Pitt. United City Merchants. **Interim dividends:** Davies and Newman Holdings. Electra Investment Trust. Electro Components. Andrew R. Findlay Group. Guardian Investment Trust. Mallinson - Denny. Nineteen Twenty-Eight Investment. Save and Prosper Linked Investment. United Kingdom Property. **Interim figures:** Hoover.

COMPANY MEETINGS

Cantors, 164, Queens Road, Sheffield. 12. Govett European Trust, Winchester House, 11.30. Grimshawe, Queens Hotel, Leeds, 12. MFI Furniture, Wembley Conference Centre, 12. Parker Knoll, Town Hall, High Wycombe, 12.30. Sizewell European Investment, 20, Birchin Lane, E.C., 12.30. Strong and Fisher, Hargrave, 2.30. Thomas Walker, Midland Hotel, Birmingham, 12.

COMPANY NEWS + COMMENT

Pritchard advances—expanding in U.S.

REPORTING first-half 1978/79 profits showing an advance from £0.97m to £1.17m, Pritchard Services Group also announces further expansion into North America with the purchase of two building maintenance subsidiaries from International Telephone and Telegraph Corporation of the U.S.

The purchase consideration of the subsidiaries—ITT Service Industries Corporation and Allied Building Services of Ontario—is in cash and will be equal to the aggregate net tangible assets at October 31, 1978, plus £238,265.

A sum of £3,812,247 has already been paid as a deposit and it is not anticipated that the total consideration will differ materially from that sum.

On the results Mr. P. R. Pritchard, chairman, anticipates that the group will have another satisfactory year. Certain subsidiaries have planned for substantial growth in the second half and present indications are that targets are being achieved.

The combined annual turnover of the enlarged American and Canadian interests is expected to be over £33m. The directors believe that following the change of ownership and having regard to substantial costs incurred in the build up of ITTSI (written off prior to December 31, 1977) an acceptable return on the investments will be possible in the short term.

Longer term importance

In the longer term the directors believe that the acquisitions will represent an increasingly important part of the world-wide business in the building maintenance and other service industry areas in which Pritchard operates.

Audited accounts of ITTSI and ABSO as at October 31, 1978 will be prepared and the purchase price adjusted accordingly. A loan amounting to £4.05m has been arranged to finance these purchases and any balance over the purchase price will be available towards additional working capital requirements.

The first repayment of £103,013 is due in November 1979 and thereafter repayments of £54,007 fall due at six months intervals for the next four instalments and £459,037 for the next seven instalments. The final payment of £313,087 is due in November 1985.

After excluding net assets and results of ITTSI's activities transferred to ITT prior to Pritchard's acquisition audited accounts for ITTSI for 1977 show a book value of net assets at that date of £3.33m and a loss from operations for that year of £1.45m.

Management accounts for the eight months to August 31, 1978 indicate that losses have been substantially reduced and information made available to Pritchard shows that ITTSI is currently near to a break even.

Under provisions of the Business Corporation Act of Ontario ABSO has not been subject to audits by independent public accountants. However, it has been indicated that audited accounts of ABSO to be prepared will show net tangible assets of some £214,439.

Turnover of Pritchard in the first half of 1978/79 improved from £23.67m to £24.87m. After UK tax of £361,000 (£365,000) and overseas £198,000 (£140,000) and minorities of £47,000 (32,000), the balance available for ordinary holders emerges at £564,000 against £435,000.

The interim dividend is increased from 0.5793p to 0.64680p net and an additional 0.01375p is also declared in respect of 1977. The total for 1977 was 1.49p paid from profits of £2.18m.

● comment

The expected move into the U.S. overshadowed some reasonable first half figures from Pritchard Services. Profits before tax are a fifth better but sales show only a five per cent advance, though most of this is apparently real growth. ITTSI, meanwhile, looks a good buy and with an annual turnover of $50m will increase the group's total North American sales to around $70m. The big problem now is squeezing profits from what is currently a break-even operation. The acquisition will stretch gearing to roughly one and a half times shareholders' funds but the group expects this to return to a ratio of about 1:1 next year. On the trading front this time overseas interests led the way with a 37 per cent profits increase, including a modest first time contribution from the operational side of the Saudi contract. The French operation had a particularly good first half. The 14 per cent rise in UK profits was due to an all round improvment and a turnround from loss in security services, though the stone cleaning side was disappointing. Given profits of £2.6m for the year the shares at 35½p stand on a fully taxed prospective P/E of 6.5 and yield almost seven per cent.

INDEX TO COMPANY HIGHLIGHTS

Acrow near £6m at halfway

FROM TURNOVER maintained at £73.58m, profits before tax of Acrow engineering group rose from £5.29m to £5.98m in the half year ended September 30, 1978.

Exports for the half year, at £43.16m against £41.87m were the best ever and there is every sign of another record year, the directors say.

However this year's results will be affected by the decision to close the Coles manufacturing operation in Duisberg, Germany, making 93 people redundant. No provision has been made in the first half results for costs of this closure which will be over the next nine months.

The net interim dividend is effectively raised from 1.25p per share to 1.5p—the previous total was equal to 2.3004p from record pre-tax profits of £13.93m.

Tax charge in the half year amounted to £3.11m against £2.75m.

● comment

Acrow does not look as if it will be able to maintain the impressive growth record of the past six years. Although exports have edged up, first half sales are static. However, profits are 13 per cent higher—the most likely explanation being that the stronger pound has given better margins in such markets as Western Europe at a time when the home market has been stagnant. But the big question that hangs over the second half is the extent of the provisions to be made as a result of the Coles closure in Germany. This is an unknown quantity at present, but some analysts are downgrading their forecasts by as much as £1m to around £14m (£13.9m) for the year. The ordinary shares fell 4p to 126p, while the non-voting "A" fell 3p to 95p. The "A" shares yield a prospective 4 per cent while the p/e is 8.

Record at London Entertain.

A second-half upsurge from £58,303 to £105,351 lifted taxable profits of London Entertainments for the year to August 31, 1978, from £108,570 to a peak £146,302.

The directors reported a downturn at the interim stage from £50,267 to £40,951 but with fine weather and the usual arrival of visitors, they anticipated an improvement during the summer months.

After tax of £57,182 against £46,805 earnings are shown as 2.43p per 20p share compared with 1.68p and the dividend is increased to 1.5p (1.375p) net.

The company is involved in theatre production and management.

McNeill listing suspended

McNeill Group, the concrete and structural engineer, yesterday asked for its listing to be suspended on the Stock Exchange pending clarification of the group's financial position. The shares fell 3p to 28p before suspension, a new low point for the year. On the stock market McNeill is valued at £762,359.

In its last financial year ending December 31, 1977 the group showed a loss of £1.27m. For the six months to June 30 in the current year it incurred a loss of £867,000 compared with £140,000. Mr. G. Ferguson Lacey and Mr. R. C. McBride, through Birmingham and Midland Counties Trust, hold 19.35 per cent of the group. Mr. Ferguson Lacey became chairman of the group last month.

At the time of his appointment it was reported that Mr. Ferguson Lacey intended to carry out a complete review and reorganisation of the group, including the sale or closure of loss-making subsidiaries in order to curtail trading losses.

Once a satisfactory review had been completed, Birmingham and Midlands Counties Trust would consider injecting £300,000 of new equity into the company.

STAG COMPLETES

Stag Furniture Holdings has completed the acquisition of Meredew Furniture. The purchase of the properties at Letchworth from which Meredew operates is expected to be completed shortly.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Acrow	int.	1.5	—	1.25*	—	2.3*
Allied Irish	int.	3.5‖	Dec. 15	1.81	—	7.5
Cartiers Superfoods	int.	0.8	—	—	—‡	—
English & Intl. Trust	int.	1.05	Dec. 1	1.05	—	3.8
Equity Income		7.43	Dec. 21	5.98	11.39	8.58
Headlam Sims	int.	0.7†	Dec. 1	0.5	—§	1.23
Kwik-Fit	int.	0.4	—	0.33*	—	0.82*
London Trust	int.	2	Dec. 1	1.5*	—	4.13*
Macdonald Martin A	int.	3	Dec. 5	3	—	9.3
Macdonald Martin B		1.5	Dec. 5	1.5	—	4.65
Pritchard Services	int.	0.65	Dec. 12	0.58	—	1.49¶
Richardsons Wstgrth.	int.	1.05	Jan. 5	1.05	—	4.53
Shiloh Spinners	int.	0.75	Dec. 13	0.75	—	1.64

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ 2.412p total forecast in July prospectus. § 1.7p total forecast confirmed. ¶ Additional 0.01375p also announced in respect of 1977. ‖ To reduce disparity.

Richardsons Westgarth £3.75m compensation

Richardsons Westgarth, the engineering group, is to receive a total of £3.75m from the Government for nationalisation of its major marine engineering subsidiary, George Clark and NEM. Details were announced last night together with the group's interim results for the six months ending June 30, 1978, which show a £1.29m turnround into loss.

Prior to the announcement Richardsons shares had been suspended at 60p. In the stock market the group was valued at £7.7m.

The company said last night that an agreement had been reached with the Department of Industry over the nationalisation terms. Under the agreement £1.81m owed by George Clark and NEM, which vested in British Shipbuilders on July 1, 1977, to Richardsons will be repaid by British Shipbuilders, and compensation "has been fixed at £1.94m, making a total of £3.75m. This compares with the book value of the investment of £2.81m, giving a surplus of £940,000."

The compensation amounts will be treated in the annual accounts as an extraordinary item not forming part of the trading results.

Of the compensation figure of £1.04m the company has already received two interim payments totalling £1.05m in the form of 9¾ per cent Treasury Stock 1981, which has been realised.

The balance of £890,000 is to be paid through the issue of more Treasury stock.

On the trading front the group says the results—which show profits of £975,000 transformed into losses of £313,000—have been dominated by substantial trading losses at the Humber Graving Dock and Engineering shiprepairing subsidiary and at R. W. Transmissions, the gear manufacturing subsidiary.

Prolonged stoppages at both companies from strike action have been a major cause of loss. The group say "these disastrous actions, coming at a time when market conditions for both these companies have been poor have inevitably affected customers' confidence and hence order intake."

The remaining subsidiaries had traded satisfactorily, and in particular most of the stockholding and merchanting companies achieved improved returns. The figures for the half year include good results from Gardiner, Barugh and Jones, steel stockholders in Hull acquired in January.

The group warns that results for the second half will be affected by the continuing problems at Humber Graving R.W. Transmissions.

The group has had to embark on a major redundancy programme, involving substantial payments, and these are likely to "adversely affect the results for the second half of the year."

	Six months 1978 £000	1977 £000
Turnover	18,609	19,443
Loss before tax	313	*975
Tax credit	159	†487
Net loss	154	*488
Minority profits	32	21
Attributable loss	186	*467

* Profit. † Charge.

● comment

Richardsons hopes that the stockmarket will treat the latest results as a passing hiccough. But the results look very bleak. And not too much should be made of the loss of its nationalised interests for in the comparable period only £178,000 was included from George Clark. Moreover there has been a first time — and very strong — contribution from Gardiner, Barugh and Jones, and reasonable performances elsewhere in the group. But the labour problems in shiprepairing and gear manufacturing dominated group performance. The group's shiprepairing order book has suffered a hefty knock from the labour troubles, as well as the flat trading conditions. And this seems to be the major problem in the second half — regaining customer confidence. Meanwhile the balance sheet has suffered a bit from the increasing working capital needs of the more bouyant sections of the company, but the effects of this should be offset to some extent by the nationalisation cash. Although it is less than the £4m-plus looked for by the group the completion of the negotiations looks timely. The shares at 60p are likely to be influenced by worries about the final dividend, and whether it can be maintained.

Larger dividend in prospect at EPIC

With the prospect of a further increase in its rental income arising largely from rent reviews, Mr. C. N. Knight, chairman of Estates Property Investment Company, says there is the prospect of a larger dividend distribution in the current year.

As already known the available surplus for the year to April 30, 1978, came out more than doubled at £524,000 (£227,000) and the dividend was stepped up to 2.350p net per share compared with 1p previously. Gross rents received during the year rose from £2m to £2.43m and pre-tax income was ahead from £715,000 to £1.14m. Earnings per share are 3.58p (1.55p).

The chairman says that the year produced a measure of recovery well up to the directors' best expectations; he anticipates further improvement in the current year and sees a continuation of the upward trend into the 1979-80 year.

Mr. Knight states that a fully pre-let development at Sittingbourne involving some 60,000 sq ft of space is almost complete and rent from this source will be forthcoming before the end of the 1978-79 year. In Manchester, complete redevelopment of an old site is in progress, he adds, and will produce a total of 55,000 sq ft. A larger development is currently in negotiation, 100,000 sq ft of which will be pre-let.

The group's balance sheet shows properties amounting to £26.26m (£25.61m); loan capital repaid £9.18m (£8.87m) and secured overdrafts at £4.24m (same).

The auditors say that the company has not estimated the amount of tax on chargeable gains which would become payable in the event of realisation of the shares in subsidiaries or underlying group properties at the amounts at which they are stated in the accounts.

Border and Southern Trust

Earnings per 10p share of Border and Southern Stockholders Trust rose from an adjusted 1.64p to 1.83p in the year ended September 30, 1978.

Total revenue moved ahead from £3.08m to £3.34m before expenses and interest of £445,087 (£433,654) and tax of £1,060,484 (£1,010,453).

The dividend is raised from 1.5p to 1.7p, with a final of 1.15p net.

Net asset value was 87.3p (78.9p).

London Trust

Earnings per 25p deferred share of London Trust improved from an adjusted 2.34p to 2.43p in the half year ended September 30, 1978.

Gross revenue improved from £2.26m to £2.49m while profits came out at £1.71m against £1.76m before lower tax of £587,491 (£686,534).

The interim dividend is effectively raised from 1.5p to 2p to reduce disparity. The directors intend to recommend a total of not less than 4.65p which would compare with the equivalent of 4.125p.

RESULTS AND ACCOUNTS IN BRIEF

ALBERT FISHER GROUP—Resolved that new accounting date be August 31. Board considers change necessary due to volume of trade occurring in June and July. Anticipated that results for 15 months will be announced in mid-November and AGM in December.

BPM HOLDINGS (newspaper publishing, retailing)—Results for July 1, 1978 [illegible] £564,000 (£983,000). Meeting, Cambridge, November 17, noon.

HOUSE PROPERTY COMPANY OF LONDON—First half 1978, pre-tax profit £20,541 (£18,805) including rental income, interest and other income less management expenses of £6,254 (£12,629) and surplus on disposal of properties £14,587 (£13,679), but after interest payable [illegible]

[illegible]

Allied Irish tops £19m at midyear

DESPITE A fall from £12.7m to £12.16m in parent bank operating surplus, pre-tax profits of Allied Irish Banks improved to £19.05m for the half-year to September 30, 1978, compared with £16.69m last time which was struck after a special provision of £0.5m against advances.

After a tax charge of £6.48m (£5.91m) and minorities of £60,000 (£29,000), attributable profits for the period rose from £10.75m to £12.51m.

Mr. Niall Crowley, the chairman, states that demand for advances has been buoyant since the beginning of 1978 and is likely to continue. But a constraining factor on the bank meeting such demands over the next five months will be the recently introduced central bank credit guidelines.

A factor, however, which at all times limits the bank's ability to lend, is its liquidity ratio of 43 per cent which associated banks are required to maintain. A reduction in the ratio would enable it to meet more effectively the buoyant demand for advances for private-sector purposes, Mr. Crowley states.

Group subsidiaries, with profits up from £4.31m to £6.57m at the half-year, continue to trade very successfully, he adds.

Basic earnings per 25p share are shown as 19.3p (23.9p on capital prior to November, 1977, rights issue) and as 18.4p (19.7p) fully diluted.

To reduce disparity, the interim dividend is lifted from 1.8125p to 3.5p net, costing £2.27m (£0.81m), and the directors say if present expectations for the remainder of the year are realised they expect to recommend a final of not less than 4.5p—last year payments totalled 7.5p on record £34.46m taxable profits.

At the half year cash and money at call amounted to £664.38m (£675.06m at year end), investments, £359.18m (£342.88m), advances, £1.24bn (£1.01bn), and other assets, £95.74m (£93.25m).

Loan stock totalled £4.79m (£10.44m) following a conversion this year. Current deposit and other accounts stood at £2.10bn (£1.93bn) and floating rate notes were £15.23m (£16.13m) and other liabilities, £37.81 (£34.17m).

Shareholders' funds rose from £124.48m at March 31, to £139.75 at the half year.

● comment

Credit demand in Ireland has been exceptionally high this year so a pre-tax profit increase from Allied Irish Banks of 14 per cent appears slightly disappointing. The group, however, has suffered somewhat sluggish resource growth and in an effort to satisfy borrowing needs, has been heavily discounting bills. This has cut margins, but with the country now facing a 10 per cent limit on new advances, the money is at least out on loan earning good profits. This should help counteract any second half difficulties brought about by the Government credit squeeze. With demand buoyant the 43 per cent liquidity ratio is obviously hindering profit growth but the attractive returns available from Irish gilts partly offset the problem. The parent bank's contribution is virtually unchanged (discounting last year's £1m provision), so the subsidiaries, particularly the finance arm, look set to lead the way—their liquidity ratio is only 23 per cent. AIB is confident that the second six months will be better than the first and full year estimates are currently around £42m. Given the bank's conservative dividend policy investors are unlikely to receive more than the forecast increase. At 213p, down 6p, the shares are on a prospective p/e (taking a line through the first half tax charge) of just under 5 and a yield of 8.4 per cent.

ICFC BACKS WOLFE

A secured loan of £160,000 has been arranged by the Industrial and Commercial Finance Corporation for the Wolfe Publishing Group. It has been made for the purchase and refurbishment of a freehold property off Fitzroy Square, W1.

Wolfe concentrates almost entirely on producing diagnostic medical and dental publications. Currently 90 per cent of output is exported.

Headlam Sims rise at midway: sees peak

RECORD RESULTS for the year to January 31, 1979, are forecast by the directors of Headlam, Sims and Coggins together with confirmation of a total dividend of 1.7p on increased capital compared to 1.2296p previously.

The dividend total was forecast at the time of the June rights issue and the Treasury has now indicated its consent.

Sales for the first half year rose from £2.08m to £2.52m and profits before tax were higher at £189,435 against £165,316. After tax of £95,435 (£81,916) earnings per share are shown at 4.7p against 4.03p and the net interim dividend is lifted from 0.5p to 0.7p per 5p share.

The directors say the final tax charge for the current year will be reduced by reason of available capital allowances exceeding the relevant depreciation provisions. Furthermore it is expected that additional stock appreciation relief will be available to the group.

For 1977-78, profits were a peak £319,862 before tax of £61,382.

The subsidiary R. Coggins and Sons (industrial and sports footwear makers) earned the major part of the profits in the first half, the Board states. Although they do not expect to achieve as high a sales figure in the second half year, sales and profits for the year should be a record.

Simlam (sports footwear distributor) sales were marginally lower than the corresponding half year with a matching reduction in the profit level. In the second half of the year use is being made of part of the proceeds of the successful rights issue in expanding the scope of the business.

By the end of October 1978 sales improved to the extent they were in front of the figures for the comparable period last year. It is expected that the turnover for the full year will also exceed last year's, but profits are expected to be somewhat lower.

However, it is believed that with the measures already taken plus the addition of new merchandise, this company will continue to grow, but the benefit that will accrue will take some time to show through to the accounts.

Thorn offshoot to buy in debentures

Thorn Electrical Industries subsidiary Clarkson International Tools is to ask holders to accept cancellation of the outstanding £606,800 of the 7 per cent debenture stock 1982-87, and £461,5[illegible] of the 1987-92 stock.

Holders are to be offered £[illegible] for every £100 nominal of the 1982-87 stock and £87 for every £100 nominal of the 1987-92 stock.

Recovery leaves Sturla with £5,000 profit

FOR THE six months to July 31, 1978, there was a £5,000 profit at Sturla Holdings compared with a £53,000 loss last time and a £91,000 loss for all 1977-78.

Turnover for the period was £1.18m (£0.73m) and the trading profit was £19,000 (£59,000 loss); with the consumer financing profit of £20,000 (£42,000 loss) offsetting the £1,000 (£17,000) loss on electrical servicing. Interest charges were £14,000 (£2,000) and last time there was a £14,000 extraordinary profit. For all last year there was an £861,000 extraordinary profit. Earnings per share for the first half are shown at 0.03p against a 1.31p loss.

Again there is no interim dividend and preference dividends, which are in arrears from July, 1976, will be reviewed in light of the final results for the year. The last ordinary dividends were paid in 1973-74 when attributable profit totalled £201,000. Since then attributable losses of the consumer finance group have totalled some £2m.

At the halfway stage net current assets were £1.16m against £1.15m at the end of 1977-78 and fixed assets were £10,000 higher at £228,000.

Mr. R. J. Knight, the chairman, says the results have been arrived at after allowing for substantial costs in the continuing reorganisation programme. Good progress is being made in resolving the remaining problems. The recovery trend will continue and be reflected in future results, he says.

Sturla has negotiated three new lines of bank borrowings and all these are for periods well in excess of the group's lending. The level of borrowings however represents low gearing for a company operating in the financial services field, he says, and it is clear that future growth and success is dependent on further prudent increases in gearing.

Sturla has increased its new business on an "encouraging and profitable basis" in line with the new loan facilities, and at the same time has concentrated efforts on the redeployment of funds tied up in non-productive assets.

It has sold its main office in the north west at a small surplus over book value and arranged an "attractive" lease on the new Merseyside headquarters premises which Mr. Knight says will be more in keeping with the group's new style and business.

It is developing new consumer and business asset financing plans as well as other specialised financial services. Where appropriate the directors will consider acquisitions.

Anglo Scottish Investment Trust owns 8.43 per cent of shares and Menteith Investment Trust 5.98 per cent.

Kwik-Fit tops £0.5m & progress continuing

FOLLOWING THE confidence expressed at the AGM in June Kwik-Fit (Tyres and Exhausts) Holdings reports an increase from £443,016 to £540,428 in group pre-tax profits for the six months ended August 31, 1978.

The tyre and exhaust retail depots, the group's principal activities, pushed their profits up by 76 per cent to £486,000 but due to difficult trading conditions the Dutch subsidiary Van Rooy Dorsman experienced a setback.

During the comparable period of 1977 Dorsman's results were enhanced by excellent sales figures resulting from the Autovak trade exhibition in Amsterdam which is scheduled to take place again in the first quarter of 1979.

For the remainder of the year sales are continuing at record levels and Mr. Tom Farmer, chief executive, is confident that profits for the full year will again show a very satisfactory improvement.

Turnover in the half year moved ahead from £5.16m to £5.7m. After tax earnings per 10p share are stated at 2.9p (1.78p).

The interim dividend is effectively raised from 0.33p to 0.4p—the total for 1977-78 was equal to 0.822p paid from profits of £805,000.

The group announces that contracts have been exchanged this week for the purchase of a further seven freehold premises currently being operated as exhaust and brake-fitting depots. Six are located in the North of England and one in Somerset; the latter one is to be used as a base for expanding the network of Kwik-Fit depots into the West country.

	Half-year 1978 £	1977 £
Group turnover	5,704,016	5,162,948
Kwick-Fit	3,624,954	2,665,604
Van Rooy	2,079,062	2,165,729
Discontinued operatn.	—	291,605
Profit before tax	540,428	443,016
Kwick-Fit	485,671	276,603
Van Rooy	101,936	202,931
Holding Co. expenses	47,179	24,499
Discontinued operatn.	—	11,208
Taxation	151,320	221,276
Net profit	389,108	221,740

The consideration for these properties amounts to £350,000 to be satisfied by an issue of 680,000 ordinary shares. Edinburgh Finance and General Holdings has placed these shares with institutional investment clients at 51.5p conditional on the shares being listed.

Mr. Farmer says that over the last three years the number of Kwik-Fit retail depots has increased from 22 to 52, including those currently under development. Kwik-Fit has now laid a solid base which enables it to continue a profitable expansion programme by increasing the number of depots throughout the UK.

● comment

The 50 per cent drop in the profit contribution from Kwik-Fit's Dutch subsidiary, Van Rooy Dorsman, took the edge off a fine performance from the expanding UK tyre and exhaust fitting operations. The Dutch activities were hit by the sluggish overall economic growth in that country, plus they suffered from comparison with a period in which business was boosted as a result of the Autovak trade exhibition held every two years in Amsterdam. The UK contribution jumped by 76 per cent to £486,000 thanks to higher volume and a shift in the mix of business in favour of the more profitable exhaust system and shock absorber operations. Nine new sites are being developed and several will be on stream in time to add to second-half figures. Also the company is this week buying a further seven freehold properties—including one in Somerset, which will spearhead Kwik-Fit's expansion into the West Country. Provided the Dutch operation does not deteriorate, the full-year profit figure looks certain to break the £1m barrier. With the shares selling at 49½p the prospective yield is 3 per cent and the p/e (taking a line through the first half tax charge) is 10.2.

FODENS

Fodens announces that the holders of 3,000,593 10 per cent convertible redeemable cumulative preference shares (representing 94 per cent of those originally issued) have exercised their conversion rights. As a result, such shares have now been converted into 12,002,372 "A" ordinary shares of 25p. and dealings are expected to start on November 6.

Recovery at Shiloh

PROFITS OF Shiloh Spinners have recovered to pre-recession levels in the half year to October 7, 1978, and the directors are expecting the year's profits to show a satisfactory increase on last year's £168,000 pre-tax.

Half-year pre-tax profits rose from £24,265 to £143,117 and are close to the £150,658 achieved in the first half of 1974. However, the directors say the recovery does not reflect a general improvement in the spinning sector which remains depressed.

The increase came mainly from higher earnings of subsidiaries engaged in manufacturing and merchanting of disposables and protective clothing.

The interim dividend is being maintained at 0.75p per share and assuming that the year will show the expected increase, the directors intend to raise the final by the maximum permitted. Last year's final was 0.886p.

Turnover for the half year amounted to £3.77m against £3.86m. Mr. E. T. Gartside, the chairman, says turnover in spinning was down 11 per cent but group turnover fell by only 2 per cent due to the increased contribution of the subsidiaries.

Tax charge is £74,420 (£12,618) leaving net profits at £68,697 compared with £11,647.

Prospects in the spinning sector remain uncertain, the chairman says, and while there has been a marginal improvement in the situation, the hoped for recovery in trade forecast for the autumn has not materialised. The high level of yarn imports remains a problem, and the disruptive effect these imports have on price levels is even more serious.

The new Multi-Fibre Arrangement and its associated agreements have proved to be a big disappointment so far as the spinning sector is concerned. Yarn imports from these sources during the first eight months of this year are running at some 21 per cent above the promised levels, the chairman states.

Despite these difficulties, Mr. Gartside expects a gradual improvement in the profit from spinning and, with the continued growth of the subsidiaries, prospects for improved profits in the future are good.

FOSECO MINSEP

Foseco Minsep, the metallurgical, building and construction services group, will ask shareholders to approve a number of changes to its articles of association at an extraordinary meeting on November 28.

The present articles were adopted in 1964 and, according to the directors, the new articles are designed to reflect changes in the law plus alterations in practice which have occurred since then.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—George M. Callender, Davies and Newman, Electra Investment Trust, Electrocomponents, Andrew R. Findlay, P. C. Henderson, Mallinson-Denny, Nineteen Twenty-Eight Investment Trust, Save and Prosper Linked Investment Trust, United Kingdom Property.

Finals—Pharaoh Gane, Stimpson-Perkins, Stothert and Pitt, Sungei Bahru Rubber Estates, United City Merchants.

FUTURE DATES

Interims—	
Allnatt London Properties	Nov. 9
Cater Ryder	Nov. 7
Ferguson Industrial	Nov. 10
Leech (William) (Builders)	Nov. 9
Locker (Thomas)	Nov. 23
Portsmouth and Sunderland Newspapers	Nov. 7
Somic	Dec. 4
Finals—	
Allied London Properties	Nov. 7
Anglo American Corp.	Nov. 23
Brazil Fund S.A.	Nov. 6
Manganese Bronze	Nov. 9
Smiths Industries	Nov. 14

Cartiers Superfoods up to £0.7m at 32 weeks

FOLLOWING ITS July offer for sale, Cartiers Superfoods reports taxable profits ahead from £497,578 to £698,758 for the 32 weeks to September 9, 1978, on higher sales of £16.34m against £11.2m.

The directors say that although the inflation rate in food prices has slowed appreciably in recent months, they confirm the prospectus forecast of full-year profits not less than £1.25m. In the 1977-78 year, the figure reached £828,000.

In October, the company agreed to acquire from Socold (Holdings), four leasehold stores at Colchester, Grays, Newmarket and Norwich, as part of its strategy to expand north of the Thames.

Because these new stores will be only open for a short period in the current year, during which certain re-fitting costs will be incurred, the directors do not expect them to contribute to this year's profits.

However, contributions are expected to begin from the start of the next financial year.

The progress of all other stores has been satisfactory so far this year, state the directors, who point out that the period up to Christmas includes the better trading months with above-average weekly sales.

The net interim dividend is 0.804p per 20p share, and directors holding 7,979,628 shares (61.7 per cent of equity) have waived their entitlement to this payment—a net total of 2.412p for 1978-79 was forecast in this year's prospectus.

Tax for the period takes £19,603 (nil) and retained profits emerged at £639,354 against £497,578 last time.

● comment

Cartiers Superfoods must certainly be one of the fastest growing food retailers around, with profits for the first eight months showing a 40 per cent jump. The impressive feature of the results is the extent of the volume gains. In real terms sales growth is around a fifth higher after stripping out the additional outlets, compared with only a marginal improvement in national food consumption for the period. Cartiers attributes this to its unique product mix of mainly butchery products and frozen foods, with larger than usual pack offers. The increase in disposable incomes has brought red meat (particularly beef) back into the family budget and butchery sales now account for 17 per cent (15 per cent) of the group total. Elsewhere, demand for frozen foods is much stronger (last year was flat because of the drought) while coffee sales have apparently recovered to previous high levels following the drop in prices. With Christmas sales providing additional volume for the second half, Cartiers should have no trouble in achieving its profit forecast of £1.25m pre-tax. Indeed, £1.4m might be a more realistic target for the year. At this level the shares, at 96p, yield a prospective 3.8 per cent while the fully taxed p/e is a hefty 18.3.

Forward Technology to expand

THE DIRECTORS of Forward Technology Industries believe that the group is in a sound position to achieve a steady growth over the next few years and an increase in the proportion of its sales in overseas markets, Mr. Gordon S. Allen, the chairman, says in his annual statement.

He tells members that the directors will report more fully on prospects for the current year at the time of the group's interim announcement next April.

As reported on October 17 pre-tax profits for the June 30, 1978, year were £1.37m against £1.43m for the previous 15 months. Turnover was £23.86m (£24.3m), and the dividend payment was stepped up from 2p to 6.906p net per share. A share split from 50p to 25p units is proposed.

Overall performance of the group was good, the chairman says, although adverse results from Alfred Bader reduced profits by £200,000 compared with the previous period.

A divisional analysis of turnover and pre-tax profit shows: electronics and special purpose machinery £12.96m and £971,000; distribution £6m and £315,000; plastics £4.9m and £371,000; add inter-company rents net of central overheads £41,000; less interest £332,000.

The acquisition of Radyne and KLN towards the end of the 1977/78 year has strengthened the group's industrial and marketing base, Mr. Allen says. The activities of MPI have been terminated and Kentucky Organ Company was sold during the year. The directors also sold the majority of the funeral parlours held as investment properties.

Since June 30 Parchmore Machinery has been acquired for £85,000—the company specialises in lamp machinery production.

The group's balance sheet shows fixed assets at £6.73m (£4.65m), net current assets at £2.35m (£3.16m) and total assets at £10.39m (£8.96m). Working capital decreased by £2.48m for the year compared with a £1.04m increase for 15 months.

The AGM of this close company will be at London Press Centre, 76, Shoe Lane, E.C. on November 20 at noon.

Macdonald Martin up at midway

FROM TURNOVER of £4.89m against £3.92m pre-tax profit of Macdonald Martin Distilleries rose £117,000 to £624,000 in the September 30, 1978 half year.

Net profit was £300,000 (£241,000) after tax of £324,000 (£264,000). The interim dividend is maintained at 3p net per 50p "A" share and 1.5p on the 25p "B" shares. The directors intend recommending a maximum permitted final. Last year, when profits were a record £1.34m, a 6.3p final was paid on the "A" shares and 3.15p on the "B" shares.

Directors also intend increasing the company's borrowing powers to £16m. At the last balance date the group had a £1.95m overdraft and a £7,000 loan.

RAWLINGS BROS.

The Goodde Durrant and Murray Group offer for Rawlings Bros is unconditional and remains open. Acceptances have been received for 1,583,018 shares (90.2 per cent of shares under offer) GDM now owns 4,216,157 shares (96.2 per cent of issued capital).

Empress Services cuts payment

FOLLOWING A fall from £20,159 to £5,075 in midway profits, Empress Services (Holdings), contract cleaner, ended the 53 weeks to March 31, 1978, with a pre-tax surplus of £30,494, compared with a £69,276 deficit for the previous 52 weeks.

Turnover for the period amounted to £4.69m against £3.84m. There was a tax charge of £31,151 (£19,159 credit) and an extraordinary debit this time of £153,096.

No final dividend is recommended leaving the interim of 0.1p net per 10p share to compare with the previous year's total of 0.2p.

Mr. O.'N. Pike, chairman, says full details of the proposed acquisition of Exclusive Cleaning (Holdings) and Brengreen (Holdings) for shares and convertible loan stock will be sent to holders in the near future.

The issue of shares together with those issued on converting the loan stock would mean that holders of Exclusive and Brengreen would own 69 per cent of the company's enlarged capital—the acquisition is subject to the consent of shareholders.

The chairman says in his annual statement that he had hoped to enclose with the accounts a document setting out full details of the proposed acquisitions.

However, in view of the large proportion of future profits of the company which it is anticipated will be generated by Exclusive and Brengreen, the quotations committee of the Stock Exchange has ruled that the document should include audited profit figures of these two companies for the period to October 7, 1978. This has necessarily delayed the document.

The shares of Empress were suspended on May 24, 1978.

Whittington Eng. hit by higher costs

Adversely affected by increased costs, taxable profits of Whittington Engineering Company were more than halved from £129,181 to £63,325 for the nine months to September 30, 1978. Turnover was higher at £934,672 against £848,806.

The directors state increased costs were due to higher prices of raw materials which the company is unable to recover so far, due to keener competition for orders to keep the labour force fully employed.

The current accounting period is in respect of the 15 months to March 31, 1979. For 1977, pre-tax profits were £169,420.

After tax of £32,929 (£67,174) net profits for the nine months dropped from £82,007 to £30,396.

Nth. Atlantic Securities

Pre-tax revenue of North Atlantic Securities Corporation rose from £820,901 to £877,666 for the year to September 30, 1978, and the net dividend is increased from 2.7p to 3.07p with a final payment of 1.87p per 25p share.

Gross revenue came to £1.28m against £1.13m and the pre-tax figure was struck after directors' fees and management expenses, £56,531 (£48,338) and gross debenture and loan stock interest of £349,364 (£261,787). Tax took £312,776 (£318,509) leaving a net revenue of £564,890 compared with £502,392.

The directors say that the gross and net revenue figures are not comparable due to a U.S.$2.3m loan raised in August, 1977.

The surplus retained was £28,868 (£30,972) after dividends, which absorbed £536,022 (£471,420).

Net asset value is given as 135p (123½p) per share and 129½p (119½p) assuming full conversion of loan stock.

Confidence at Ingall Industries

Given a reasonable economic climate, trading operations at Ingall Industries are expected to be satisfactory and the future is viewed with confidence, says Mr. H. Marston Riley, the chairman, in his annual statement.

In the year ended June 30, 1978, pre-tax profits advanced from £253,429 to £346,786, on turnover of £4.25m (£3.63m)—as reported October 4.

The 16.5 per cent increase in operating profits to £221,984 by the group's three engineering subsidiaries in a difficult year, is regarded as a satisfactory result by the directors.

Funeral furnishing activities were enlarged during the year with the acquisition of Thompsons (Funeral Furnishers). Profits rose from £159,851 to £258,348 and included a half-yearly contribution of £91,589 from Thompsons.

Increase for Equity Income Tst.

STRUCK AFTER tax of £237,509 against £215,110, revenue of Equity Income Trust increased from £385,682 to £438,637 for the year ended August 31, 1978.

Earnings are given as 11.7p (10.28p) per 50p share and a final dividend of 7.48p net lifts the total payment from 8.58p to 11.39p.

Net asset value is shown at 278.4p (221p) per share.

BIDS AND DEALS

Panel allows Vantona exemption on forecast

BY JAMES BARTHOLOMEW

The Take-Over Panel yesterday emphasised that profit forecasts must normally be reviewed by financial advisers in the context of a takeover bid where equity consideration is involved. Vantona has been exceptionally exempted from this requirement in its offer for J. Compton, Sons and Webb.

The Panel has regarded part of the interim statement by Vantona last August as a profit forecast. It wanted this to be reviewed. Vantona resisted this because it would involve "diverting senior management from the operations of the business in these seasonally very active final few weeks of the year." Vantona claimed that this would damage turnover, profits and customer relationships.

The Panel regarded such difficulties as "irrelevant in deciding whether offeree shareholders should be deprived of the protection afforded by Rule 16 of the Code." The rule would have been enforced, said the Panel yesterday, "had it not been for the intervention of the board of Compton and its advisers, Hill Samuel and Co."

In view of the agreement of the offeree company and "a number of factors identified in the offer document," the Panel agreed that the forecast need not be repeated in the offer document and need not be reported on by the financial advisers.

The most important "other factor" was that Vantona has published management accounts for the first ten months of the year in the document. The Panel does not specifically mention the other factors but Vantona refers in the document to the optional cash consideration and "the possible adverse effects of uncertainty on the Compton Webb employees" which might be created by delay in making the offer.

In making an exception for Vantona, the Panel warns other companies that, in the context of bids, forecasts "will almost certainly have to be exposed to the disciplines of the Code". The Panel also takes the opportunity to point out that there is no automatic right to "withdraw" a forecast made before a bid arises. And if it is withdrawn, it would normally have to be replaced by another vetted forecast.

The Panel warns financial advisers that they "should invariably check whether or not their clients have a forecast on the record so that reporting procedures can be set in train with the minimum of delay."

The 10 month figures given by Vantona show pre-tax profits up at £5.5m (£4.2m). The Board of Compton re-iterates the profit forecast of £2m made previously in connection with the earlier offer from Courtaulds.

ROCKWARE/ALIDA

Rockware Group's offer for Alida Packaging Group has been accepted in respect of 2,351,658 ordinary shares which now gives Rockware 96.3 per cent of that class, and 2,351,658 5 per cent non-cumulative preference shares giving 96.3 per cent.

Holders of 2,257,951 new ordinary shares and non-cumulative preference shares have accepted the offers in respect of cash with the remainder accepting in respect of unsecured loan notes.

The acquisition is not being referred to the Monopolies and Mergers Commission.

All conditions in connection with the offers have now been satisfied and they have been declared unconditional. They remain open.

Compulsory purchase likely in Malaysia

It now appears likely that the important Brooklands Estate belonging to Plantation Holdings will be compulsorily purchased. Yesterday the British plantation company said it had been notified of an official inquiry regarding the valuation of the estate.

Ever since a Gazetting Order in May, 1975, it has been possible that the estate would be compulsorily purchased. The estate, which accounts for over 30 per cent of Plantation Holdings' plantations in Malaysia, has some tin reserves. The tin is believed to be difficult to extract and in the 1976 report, the company hoped the gazetting order would be lifted.

But by the time of the 1977 report, Plantation Holdings was distinctly less hopeful. It reported that the Selangor State Government had been talking to the Malaysian Mining Corporation about exploitation of the reserves.

PH intends to resist the compulsory purchase of the estate and is taking legal advice. The company is "reserving its position generally." It has applied for a three-month postponement of the inquiry which has been set for November 10.

PH is currently the subject of a take-over bid from Multi-Purpose Holding Bhd. It is expected that the offer document will be sent to shareholders about the middle of November.

PH also announced that Mr. S. W. Livesey has been appointed chairman following the resignation of Sir Kenneth Cork upon his appointment as Lord Mayor of London. Sir Kenneth will remain an honorary consultant of the company.

MARLBOROUGH PROPERTY

At the EGM of Marlborough Property Holdings, formerly Chown Securities, shareholders approved the acquisition of Marlborough Property Securities — formerly Marlborough Property Holdings—together with the loan stock and other ararngements relating to the acquisition, as set out in the circular to shareholders dated October 6, 1978.

The special resolution that the name of the company be changed to Marlborough Property Holdings was also passed.

SLOUGH ESTATES

Under the agreement entered into in connection with the offer for Yorkshire and Pacific Securities in March 1969, a further 133,789 shares of 25p each ranking pari passu with the existing ordinary shares have been issued by Slough Estates in exchange for 33,929 shares of no par value in Slough Estates Canada.

MINING NEWS

A bad day for Gold shares

BY KENNETH MARSTON, MINING EDITOR

NEWS OF the measures designed to support the weak U.S. dollar dealt a heavy blow to an already none-too-confident market n South African gold mining shares yesterday. Price falls ranged to £2 in heavyweight issues, such as Free State Geduld at £12¼.

The gold Mines index dropped 12.3 to 131.1, its lowest level since the beginning of this year when bullion was standing at only $166 per ounce as compared with yesterday's $227.

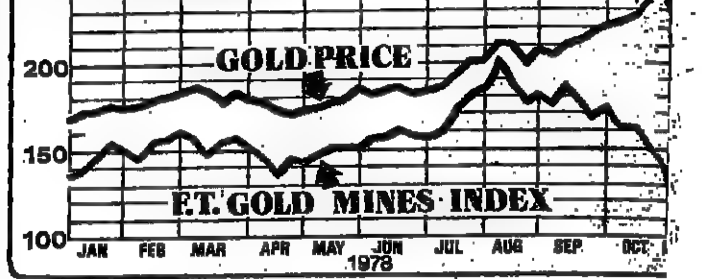
The setback in the bullion price yesterday of $15 to $227 needs to be seen in the context of its recently accelerated advance. This week the price has come up from $234 to a peak $247 at one time; it was standing at $227 a little over a week ago when the gold mines index was 153.1, a far cry from yesterday's level.

It may well be that the bullion price had risen too far and too quickly in the past few days and that a correction was inevitable. But until confidence is fully restored in the dollar, the latest measures to double the U.S. Treasury gold sales may pro[ve] to have only a temporary dampe[n]ing effect.

As far as South African go[ld] share prices are concerned, t[he] rise in the bullion price lost [its] potence as a market factor [in] August this year, as the acco[m]panying graph shows. The sha[re] market then came under t[he] stronger influence of Southe[rn] African political fears.

It also had to contend with [a] waning in the important U[.S.] buying as the emphasis the[re] turned from shares to the attr[ac]tions of the gold futures marke[t]. At the same time, the fall in t[he] investment dollar premi[um] weakened the London prices.

We thus have the situati[on] where Sout hAfrican gold shar[es] offer dividend yields of upwar[ds] of 20 per cent to a non-premi[um] investor and where, despite risi[ng] mine costs, dividends remain [on] the rising trail. What remains [to] be seen s whether these facto[rs] will attract buying from Co[n]tinental and other investors w[ho] are prepared to take over t[he] role of the U.S. investor.



Yeelirrie uranium takes another step

THE WESTERN Australian Government will today present to the State Parliament a Bill to ratify an agreement just signed with Western Mining Corporation for the development of the Yeelirrie uranium deposit.

A statement issued by Western Mining yesterday said that the Bill will detail the terms of the agreement which provides for the assignment of the mining project to Western Mining's joint venture with Esso Exploration and Production and Urangesellschaft.

The presentation of the Bill brings a stage further forward the plans to bring Yeelirrie to production. Last month, Sir Arvi Parbo, the Western Mining chairman, listed agreement with the State Government as one of several issues remaining to be settled.

Other issues are approval from the Foreign Investment Review Board for the participation of the overseas interests in the project, the concurrence of the Reserve Bank for plans to finance the project and a decision from the Federal Government that the venture should go ahead.

Sir Arvi suggested that all the requisite approvals should be received by the end of the year.

Early next year it is hoped to start work on the construction of a metallurgical research plant at Kalgoorlie. The working of this plant has long been seen by Western Mining as an essential forerunner to the development of the deposit which is composed of a complex calcrete ore.

At present both the federal and the state Governments are assessing environmental and management programmes for the runni[ng] of this plant.

The necessity for such testi[ng] is a disadvantage for Weste[rn] Mining in comparison with t[he] companies seeking to exploit t[he] uranium ores of the Northe[rn] Territory, where the metallurgic[al] problems are less complicated. [On] the other hand, Yeelirrie is not an area subject to the ebb a[nd] flow of Aboriginal politics.

Yeelirrie will cost A$320 (£181.8m) to bring to producti[on] by the end of 1984, and the br[unt] of the costs will be met [by] Western Mining's joint venture —Esso has 15 per cent a[nd] Urangesellschaft 10 per cent—w[ho] will also consume a large porti[on] of the output.

ROUND-UP

Central Norseman Gold and associate, Western Mining, ha[ve] entered a joint venture to earn [a] stake of between 25 per cent a[nd] 50 per cent in the old Stawell go[ld] mine in Victoria by carrying out [a] drilling programme. Explorati[on] so far has shown that there cou[ld] be a re-occurrence of the origin[al] high grade ore to the south [of] the old mine.

* * *

Kalgoorlie Lake View, on beh[alf] of Kalgoorlie Mining Associa[tes] which takes in also Gold Mines [of] Kalgoorlie, is seeking a jo[int] venturer for the re-opening of [a] mine on the Fimiston leas[e] where production stopped in 19[..] Mr. L. C. Brodie-Hall, the GM[A] chairman, said in Melbourne.

SHARE STAKES

Brickhouse Dudley: Britannic Assurance now holds 1.05m shares (7 per cent).

London and Lennox Investment Trust: London and Manchester Assurance now holds 1,159,352 ordinary (9.83 per cent).

Beralt Tin and Wolfram: Holding of 1.62m shares in company held by Bakelite Xylonite has been acquired by Union Carbide UK. Both companies are subsidiaries of Union Carbide Corporation. Union Carbide UK acquired a further 50,000 shares and its holding is now 1.67m ordinary (approximately 14.55 per cent).

Tomkinsons Carpets: Following purchase of 61,000 ordinary, Britannic Assurance now interested in 311,000 ordinary (10.94 per cent).

George Ingham and Co. (Holdings): Mrs. E. Jackson purchased 25,037 ordinary.

Brickhouse Dudley: Ped Trust sold 75,000 shares.

McLeod Russel: Assam Trading (Holdings) has purchased further 15,000 ordinary shares bringing total holding to 1,489,035 (36.98 per cent).

Crouch Group: ITC Pension Trust, jointly with its pension investments hold 200,000 ordinary.

Davy Corporation: Mr. J. D. Eccles, director, has sold 9,856 shares, and Mrs. J. D. Eccles has sold 1,714 shares.

BSG International: Mr. C. B. Justice has sold 17,000 ordinary.

Second City Properties: Control Securities has purchased a further 10,000 shares.

Jacksons Bourne End: Dawngrange has purchased a further 5,000 ordinary shares bringing beneficial interest up to 301,500 shares (28.4 per cent).

Letraset International: J. G. Soper, a director, has sold 5,000 ordinary shares.

Minster Assets: Mr. C. D. Murland, a director, has disposed of 5,000 shares.

Dawnay Day Group: Mrs. H. R. Chancellor, wife of Mr. A. C. B. Chancellor, a director, has sold 10,000 ordinary shares.

Warne Wright and Rowland: Throgmorton Street Nominees, for Throgmorton Trust, sold 85,000 ordinary shares and now holds 518,250 shares (5 per cent).

Vantage Securities: London and Manchester Assurance has acquired a further 40,000 ordinary shares making total interest 412,000 (13.73 per cent).

Temple Bar Investment Trust: Pearl Assurance is interested in £534,003 of the ordinary stock.

Associated Fisheries: Royal Bank of Scotland holds on trust for the managers of the Arbuthnot preference share fund, 35,000 8 per cent cumulative preference shares (10 per cent).

PENTOS WILL WITHDRAW

In view of the recommend[ed] offers by Alfred Preedy and So[ns] for the ordinary and preferen[ce] capital of Midland Education Pentos proposes, with the permi[s]sion of the Panel on Takeove[rs] and Mergers, that its own offe[r] for Midland will lapse when t[he] offers by Preedy or any oth[er] higher offers by another bidd[er] are posted.

GATES EXTENDS

Frank G. Gates, Ford ma[in] dealer in Herts, Essex and Nor[th] East London has agreed to acqui[re] Hazlemere Motor Compa[ny] (Waltham Abbey) for abo[ut] £625,000 cash. The price is bas[ed] on net assets at October 31, 197[8] with a value of £575,000 placed [on] freehold property.

Hazlemere is a Bedford com[mercial] vehicle dealer at Waltha[m] Abbey, Essex and has a substa[n]tial commercial vehicle repairi[ng] and body building business. Pr[e-]tax profit for the year to Marc[h] 31, 1978 were £39,504.

The acquisition will enable th[e] Gates group to expand its Fo[rd] truck and transit facilities as [a] composite commercial vehic[le] sales service and parts operatio[n]. In addition, Ford Motor ha[s] offered Gates the truck territor[y] formally covered by the Enfie[ld] Ford dealership.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Greyhound earnings decline sharply

By Our Financial Staff

BURDENED by the costs of food plant closures, Greyhound Corporation suffered a severe drop in its earnings during the third quarter.

These totalled $7.1m, or 16 cents per share, against $31.1m, or 65 cents on a diluted basis, the same time last year. Revenues showed little movement, $1.1bn comparing with $1bn.

Greyhound said that a provision of more than $25m had been made for closing and relocation costs. This was foreshadowed just over a month ago, when the group said it would shut down certain slaughterhouses and related meat processing plants of its Armour subsidiary.

It estimated the pre-tax charge of this operation to this year's income at some $53m, or around $26m after tax.

Without the charge associated with the closure, Greyhound's third quarter income would have shown a slight improvement to $32.5m, or 74 cents a share.

Over the first nine months, net income fell to $34.2m, from $55.7m—75 cents a share against $1.19—on revenues which increased to $3.2bn from $2.8bn.

Overseas rentals improve Walt Disney year profits

BY OUR FINANCIAL STAFF

ADVANCES OF a fifth in net earnings from $81.9m to $98.4m are reported by Walt Disney Productions for the year ended September 30, 1978.

The company cites sharp increases in film rentals for its improved profits performance, notably foreign theatrical film rentals which jumped by more than half. Domestic operations in this sphere grew by almost a fifth.

Net earnings in the final quarter of the year were 17 per cent higher at $37.5m compared to $32m, with per share earnings lifting by a similar amount to $1.16 from 99 cents. Revenues in the final three months were $241.8m, against $205.2m.

As a result, earnings for the full year were 20 per cent higher in per share terms — at $30.4, against $2.53 — as well as in an overall context. Revenues for the year were $741.1m, compared to $629.8m, a gain of 18 per cent.

The company's foreign film rentals emerged at no less than $57.9m and now compare very closely with rentals earned in the U.S. which last year stood at $59m. The gains were 58 per cent and 18 per cent respectively, with the sharp upturn in overseas rentals reflecting, to some extent, the plight of the dollar up to last September.

Film rentals earned in many European countries—not to mention Japan—would have been substantially enhanced on conversion to dollars for the purposes of the Walt Disney accounting.

The company reports that attendance at Disneyland rose by 1.2 per cent to 10.8m last year, while in the fourth quarter, attendance at Disneyland was 4.3m, up by 3.2 per cent over the prior year.

Walt Disney World attendance during the year increased by 7.8 per cent to 14.1m, the company said. Attendance at Walt Disney World in the final quarter was up 5.7 per cent to 4.5m.

Coca-Cola steady progress continues

By Our Financial Staff

COCA-COLA expects sales and profits to continue their steady advance, after a third quarter in which earnings showed an increase of 13 per cent to $107.2m, or 87 cents per share. Mr. J. Paul Austin, the group's chairman and chief executive, said performance was being led by foreign soft drink operations, though he gave no firm indication of likely progress during the final three months, which last year produced earnings of $71.3m on sales of $878m. The company's progress during the first threequarters was at roughly the same pace as the last quarter, with net income rising by 13 per cent to $292.1m, or $2.37 a share. Sales advanced from $2.73bn to $3.26bn, including a third quarter total of $1.19bn compared with $966m for the same period of last year.

Coca-Cola said that the comparative figures for 1977 had been restated to include the operations of Presto Products on a pooling-of-interest basis.

Reduced losses from Conrail

BY OUR FINANCIAL STAFF

REDUCED losses for the third quarter of 1978 are reported by the Consolidated Rail Corporation, the railway that was formed out of the wreck of Penn Central and five other bankrupt North Eastern rail companies.

For the third quarter Conrail's net losses emerge at $48.5m compared to $60.9m in the second quarter of 1978 and $54.7m in the third three monthly period of 1977.

Revenues for quarter three this year are almost a tenth higher at $904.7m thanks partly to a rise of 3.3 per cent in ton-miles compared to the third quarter of 1977. Strikes among competitors played a part in the freight upturn.

For the nine months, Conrail had a loss of $13.06 a share or $325.4m on revenues of $2.6bn. In the 1977 nine months, the company lost $11.61 a share or $289.9m.

Conrail is at pains to point out that a new agreement with the United Transportation Union, which provides for a reduction in train crew size on freight trains, will "help" future results. The agreement replaces with a single contract, 43 separate contracts Conrail had with the union.

From April, 1976, through September of this year, Conrail drew down $1.77bn of the $2bn in Federal funds originally available through the U.S. Railway Association. It said its track and equipment rehabilitation programmes were ahead of schedule and that improvement programmes for 12 of its larger terminals had been launched.

Schlitz tax charges set at $750,000

WASHINGTON, Nov. 1

THE Jos. Schlitz Brewing Company and the U.S. Justice Department have submitted a plea agreement to a federal court which, if it is accepted, would call for Schlitz to pay $761,000 on charges of illegal payoffs to retailers and failure to keep accurate tax records.

The bulk of the penalty, $750,000, would be in settlement of the tax charges.

Under the plea agreement, Schlitz would plead no contest to one count of the 747-count indictment that was returned against it last March, detailing $3m in alleged illegal payments to retailers, distributors and others in a position to get Schlitz beverages into markets it had had trouble entering.

Reuter

Beker subsidiary faces bankruptcy suit

GREENWICH, Nov. 1.

THE THREE lenders to Beker Industries German subsidiary Beker Chemie have declared the full amounts of their loans to the subsidiary totalling $11.4m to be due and payable; one of the lenders has instituted a bankruptcy proceeding against the subsidiary in a German court.

The three German lenders also have called upon the company under its guarantees of their loans and in this connection one of the lenders has attached the company's Connecticut headquarters premises as security for its claim.

The action by the German lenders constitutes a default under the company's $125m domestic term loan agreement which the U.S. lending banks are prepared to waive.

The subsidiary's total obligations exclusive of parent company advances and equity are $17.5m. The subsidiary's assets total about $17.4m but there is no assurance that this value can be realized, according to Beker.

The U.S. term loan agreement as revised in May 1978 calls for principal repayments of $50m by January 1 1979 of which $3m has already been paid and $25m by January 1 1980.

AP-DJ

Dentsply International setback

BY OUR FINANCIAL STAFF

A DRAMATIC downturn in third-quarter earnings has left Dentsply International with nine-month net profits some two-fifths low at $2.79m, compared with $4.68m.

Net earnings for the third quarter of 1978 emerge at $103,683 against $1.89m, with the figure in per share terms amounting to just 2 cents compared with 42 cents.

The results reflect the impact of losses on the translation of foreign currency, as well as non-recurring charges for a plant closure in Florida.

IBM plans to reduce prices

FRANKLIN LAKES, Nov. 1.

INTERNATIONAL Business Machines is reducing prices for its Office Systems 6 information processors by 10 to 27 per cent and purchase prices for the Series III copier by about 10 per cent.

Additionally, IBM said it was adding a low-cost, stand-alone information processing unit to its IBM Office System 6 product line, the IBM 6/420 information processor.

IBM said the monthly rental rate for one of its five Office System 6 information processors was bein gcut by 9 per cent. No new prices or rates were given.

Rental and lease price reductions for the Series III copier range up to 25 per cent, depending on the model and number of copies made. For example, the minimum monthly cost of a Series III model 20 for a customer making up to 15,000 copies a month is $655 under a one-year lease plan.

Previously, the cost for up to 20,0000 copies was $870 a month.

Reuter

EUROBONDS

Dollar issues go through hectic day after U.S. move

BY FRANCIS GHILES

THE DOLLAR sector of the bond market went through one of its most hectic days ever yesterday: trading was described by dealers as very heavy, and prices moved up by about two points but very irregularly. U.S. and Canadian paper, along with selective European names, were eagerly bought, after the announcement of the U.S. measures.

Many houses were refusing to quote prices throughout the day: often prices would move sharply up or down within minutes, and there weer complaints, especially from Swiss banks, about the unavailability of real prices.

The Floating Rate Note sector, which had started the day on a very soft note, later recovered. Prices moved up during the afternoon, but it was very difficult to assess exactly at what level most issues had closed.

This feature was true across the board: some dealers said they had continued trading from home after hours on Tuesday, and the chaos was such by mid-day yesterday that they effectively stopped trading, by the early afternoon.

Six month Eurodollar rates finished the day nearly a full point up at 11 15-16ths per cent, while Federal Funds moved up to 10 per cent.

The sterling sector was again in a state of collapse: prices fell by four points o nmost issues, and for and a half points in one or two instances. They did recover by about a point in later trading. Swiss selling appears to have been widespread.

Prices in the Deutsche-Mark sector shed about a half point on the day in quiet trading, with some German centres closed for All Saints Day. What trading there was was described as nervous, with the City of Copenhagen bond, which was priced at 99½ on Tuesday, shedding between one and a half to two points. Even the much sought after issue for BankAmerica Corporation fell by a full point to 99½-100.

MGM lifts profits and dividend

LOS ANGELES, Nov. 1.

HIGHER fourth quarter profits, a two-for-one stock split, a 5 per cent pre-split stock dividend and an increased cash dividend were reported by Metro-Goldwyn-Mayer today. The news failed to impress Wall Street, however, the shares slipping 50 cents to $38½.

Net earnings for the final quarter increased by 53 per cent, from $12.03m or 82 cents a share, to $18.44m or $1.27 a share, on revenues 78 per cent up from $71.5m to $127.4m.

For the fiscal year, net earnings advanced by 48 per cent, from $33.19m or $2.24 a share to $49.34m or $3.39 a share on sales some 36 per cent higher at $401.4m.

The quarterly cash dividend, previously 27½ cents a share, is raised to 30 cents a share on post-split shares.

The company attributed the higher profits to "substantial improvements" in its feature film operations and record earnings from its MGM Grand Hotel in Las Vegas. In addition, its MGM Grand Hotel in Reno, opened in May, 1978, made an important contribution to earnings. MGM said the Reno hotel operated at virtually full capacity during the fourth quarter and achieved favourable earnings in July and August.

The combined occupancy rate for both the Las Vegas and Reno hotels was 95 per cent. The hotel-casino operations had an operating income in 1978 of $56.1m on revenues of $218.8m.

MGM's hotel-casino operations in 1977, without Reno, had an operating income of $35.9m on revenues of $153.8m.

Feature film operations had an operating income of $37.0m, up from $24.7m last year. Revenues increased to $138.8m from $110.7m a year ago.

MGM's television division had an operating income of $1.9m. Revenues increased from $28.5m to $43.8m.

Reuter

RESULTS IN BRIEF

Texas Instruments ahead

NEW YORK, Nov. 1.

TEXAS INSTRUMENTS raised its net income to $35.5m from $29.5m in the third quarter on revenues of $644.5m against $516.6m. On a per share basis, earnings rose to $1.56 from $1.29.

Quaker Oats reports a rise in its net income for the first three months from $16.4m to $18.4m on sales up from $413.8m to $459.7m.

Announcing figures for the third quarter, United Energy Resources said earnings rose to $1.90 per share from $1.67, with the nine months' figure up to $5.53 from $4.99.

A sharp turnround from profit to loss is reported by the offshore drilling company Global Marine for the first nine months of the current financial year. Net earnings per share recovered from a loss last time of $1.29 to a profit of $1.25.

Agencies

Dividend rises

Three companies have raised their quarterly dividends, agencies reported from New York. General Foods raised the dividend to 45 cents a share from 41 cents, payable on December 5, Deere and Company raised to 37½ cents from 35 cents, payable on January 2, and Skaggs Cos to 20 cents from 17½ cents, payable on January 8.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on November 1

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9½ 88	25	95¼	95¾	−0¼	−1	10.00
Australia 8.45 83	175	96¼	97	+0¼	−0¼	9.55
Australia 9¼ 98	75	97½	98¼	−0¼	−1½	9.58
Beatrice Foods 7½ 83	100	93½	93¾	+0¼	−0¼	9.46
CECA 8¾ 87	50	95½	96½	−0¼	−1¼	9.63
CECA 9 93	25	95¼	95¾	−0¼	−1¼	9.59
CECA 9¼ 98	25	96½	96½	−0¼	−1½	9.64
CNT 9 93	75	92¾	93¼	+0¼	−3½	9.93
Canada 8 83	250	95	95¼	−0¼	−1½	9.59
Canada 8.20 85	250	95	95¼	+0¼	−0½	9.35
Canada 8½ 98	250	92½	93½	−0¼	−2	9.62
Canada 9 83	400	98½	99¼	−0½	−0¼	9.50
Canada 9¼ 98	250	98½	99	−0½	[illegible]	9.62
Canadair 9½ 83	70	92¼	92¾	−0¼	[illegible]	10.64
Dominion Brdg. Co. 9 85	25	93¼	93¾	−0¼	−1½	10.30
EIB 8¾ 85	100	94½	95¼	−0¼	−1½	9.96
EIB 9¼ 88	125	95¼	96¼	−0¼	−1½	9.79
EIB 9¼ 98	100	†96½	97½	−0¼	−1½	9.79
Elsam Jutland 9 85	25	94½	95¼	+0¼	−0¾	10.11
Eksportfinans 9 86	50	95½	95¾	+0¼	−1¼	9.84
Export Developmt. 8.6 83	125	96	96½	−0¼	−1¼	9.78
Finland 9¼ 83	100	95½	96¼	−0¼	−1½	10.05
Finland 9 88	100	95½	96¼	−0¼	−1½	9.99
Hospital O/S 9 83	25	93	93½	−0¼	−2¼	10.84
I/C Industries 9 88	35	†93	93½	0	−1	10.47
Irel. Finance 9¼ 88	25	†92	92½	−1¼	−3½	11.10
Irel. Finance 9¼ 90	20	†92	92½	−0¼	−2½	11.22
Ito-Yokado 9¼ 88	20	96½	97½	+0¼	−1½	10.09
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5⅞ 88	15	98¼	98½	0	+0¼	5.95
Australia 6.6 90	50	101	101½	−0¼	+0¼	6.53
BFCE 6.4 90	30	96½	97½	−0¼	+0¼	6.89
Eurofima 6.3 90	10	97¼	98¼	+0¼	+0¼	6.70
Finland 6.7 88	18	97¼	98¼	0	+0¼	7.06
Norway 5.7 83	25	103½	104¼	0	−0¼	4.78
Oslo, City of 6.8 90	15	98¼	99¼	0	0	6.87
SNCF 6.8 90	20	98¼	99	−0¼	0	6.89
Sweden 6.3 90	40	96½	97½	−0¼	+0¼	6.84

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold. 11½ 88 £	12	97¼	98½	+0¼	+0¼	12.04
Amro Cote Baso. 7 93 EUA	16	*96½	97½	−0¼	0	7.36
Copenhagen 7 93 EUA	30	*95½	96½	−1½	0	7.44
Finland Ind. Bk. 7 93 EUA	15	*95½	96½	−1¼	0	7.67
Kommun Inst. 7½ 93 EUA	15	*97¼	99	−0¼	0	7.70
Panama 8½ 93 EUA	20	*92	93½	−2½	0	9.29
SDR France 7 93 EUA	22	*96½	98	−1½	0	7.29
Algemene Bk. 6½ 83 Fl	75	95¼	96¼	+0¼	−0¼	7.93
Brazil 7½ 83 Fl	75	95	96¼	+0¼	−0¼	9.01
CFE Mexico 7¼ 83 Fl	75	95½	96½	0	+0¼	8.73
EIB 7½ 85 Fl	75	96¼	96½	+0¼	−0¼	8.32
Neder. Middenb. 6½ 83 Fl	75	95½	96¼	0	−0¼	7.02
New Zealand 6½ 84 Fl	75	95½	96¼	+0¼	−0¼	7.60
Norway 6½ 83 Fl	100	95½	96¼	0	−0¼	7.94
OKB 6½ 85 Fl	75	92¼	93	0	−0¼	7.98
EIB 9½ 88 FFr	200	*97½	98½	+0¼	0	10.05
BAT 8 88 LuxFr	250	*95½	96½	+0¼	0	8.59
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Izumiya 3½ 84 DM	10/78	989	105	106	−1	5.81
Jusco 3½ 86 DM	1/79	1270	100½	101	−0¼	13.22
Konishiroku 3½ 85 DM	1/79	612	97½	98	−1½	13.11
Marudai Food 3½ DM	2/79	1033	105½	106	+1½	17.59
Murata Man. 3½ 86 DM	11/78	854	95½	96½	−0¼	6.59
Nippon Air. 3.5 88 DM	12/78	508	96	96½	+0½	5.83
Nippon Shinpan 3½ DM	8/78	738	115½	116½	+0½	−1.44
Nissan Diesel 3½ 86	2/79	477	97	97½	−0½	12.14
Ricoh 3½ 86 DM	10/78	617	100½	102	−1½	14.58
Sankyo Electric 3½ DM	8/78	869	119	119½	−0½	7.46
Sanyo Electric 3½ DM	11/78	295	94½	95½	−0½	13.37
Seiyu Stores 3½ 86 DM	9/78	1275	116½	117½	0	−0.66
Stanley Electric 3½ DM	11/78	623	100½	101½	+0½	14.27
Trio-Kenwood 3½ 86 DM	11/78	711	92	92½	−0½	18.82

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.date=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: *Denominated in dollars unless otherwise indicated.* Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

U.S. QUARTERLIES

AMSTED INDUSTRIES

Fourth Quarter	1978 $	1977 $
Revenue	190.9m	151.8m
Net profits	14.11m	10.12m
Net per share	1.31	0.94
Year		
Revenue	699.8m	545.8m
Net profits	49.9m	35.6m
Net per share	4.63	3.31

GULF RESOURCES & CHEM.

Third quarter	1978 $	1977 $
Revenue	98.0m	76.2m
Net profits	3.36m	*849,000
Net per share	0.35	*0.18
Nine months		
Revenue	281.3m	245.6m
Net profits	8.49m	7.94m
Net per share	0.84	0.76

* Loss.

HOUSEHOLD FINANCE

Third quarter	1978 $	1977 $
Revenue	937.2m	787.1m
Net profits	43.45m	41.27m
Net per share	0.85	0.81
Nine months		
Revenue	3.13bn	2.83bn
Net profits	127.33m	116.64m
Net per share	2.49	2.28

INTERLAKE

Third quarter	1978 $	1977 $
Revenue	233.3m	182.2m
Net profits	*4.92m	4.28m
Net per share	*0.83	0.72
Nine months		
Revenue	668.5m	565.5m
Net profits	2.04m	13.68m
Net per share	0.34	2.31

* Loss.

INT. FLAVORS & FRAGRANCES

Third quarter	1978 $	1977 $
Revenue	90.4m	74.8m
Net profits	14.07m	10.99m
Net per share	0.38	0.30
Nine months		
Revenue	279.5m	240.4m
Net profits	44.03m	35.71m
Net per share	1.20	0.97

NORTON

Third quarter	1978 $	1977 $
Revenue	241.8m	211.1m
Net profits	16.49m	9.58m
Net per share	2.01	1.17
Nine months		
Revenue	704.5m	628.3m
Net profits	48.28m	31.06m
Net per share	5.90	3.80

RELIANCE GROUP

Third quarter	1978 $	1977 $
Revenue	331.5m	304m
Net profits	25.36m	23.13m
Net per share	†1.84	2.77
Nine months		
Revenue	938m	847.6m
Net profits	69.83m	65.25m
Net per share	†6.39	7.83

†After extraordinary costs

WM. WRIGLEY JR.

Third quarter	1978 $	1977 $
Revenue	120.9m	104.8m
Net profits	11.19m	7.75m
Net per share	2.85	1.96
Nine months		
Revenue	329.4m	302.3m
Net profits	23.62m	21.83m
Net per share	6.00	5.54

INTL. FINANCIAL AND COMPANY NEWS

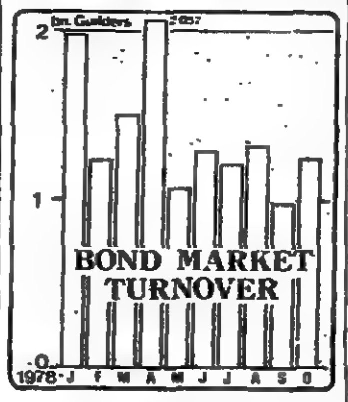
Dutch state 8½% loan heavily subscribed

By Jeffrey Brown

THE LATEST Dutch state loan—an 8½ per cent bond spread over 15 years—has been a resounding success, raising Fl 600m and moving smartly to a premium of half a point over its 100.8 tender price in inter-bank dealing yesterday.

Dealers were suggesting that applications for the issue may well have topped Fl 1bn ($525m) in which case the sudden, new-found buoyancy of the Amsterdam bond market could find substantial short-term support in the fact that large amounts of "disappointed" money are now seeking a home.

The terms of the state offering, the sixth this year and the third



in as many months, always looked generous. But the response nonetheless delighted a market which for some weeks has been heavily overshadowed by the general turmoil in the foreign exchange markets. For the moment, the clouds appear to have lifted.

Over the past five trading days the Fl-DM exchange rate has recovered noticeably, moving from Fl 109.0 last Thursday to Fl 108.0 at the close yesterday afternoon following the dramatic rally in the dollar.

The recovery by the dollar has removed the upwards pressure on the DM which in turn has freed the guilder from the danger of falling through the floor of the joint European currency float, the snake. All this is clearly acting as a green light to Dutch securities dealers.

Market sentiment can also take heart from the latest activity statistics which show that bond market turnover, excluding mortgage bank bonds, rose by almost 30 per cent in October. Cash value bargains slipped to under Fl 1bn in September, a decline of nearly a quarter on August and well over 50 per cent down on April, the best month so far this year. In October activity was back up to Fl 1.26bn.

Siemens data systems sales

By Adrian Dicks

BONN, Nov. 1.

SIEMENS EXPECTS to be able to deliver the first of its new range of large computers to customers within the next three or four months, and claims to have prospective sales of at least 30 units currently under discussion.

Releasing details of its new range in Munich, the West German electrical company also said that during the business year ended on September 30, orders for data and information systems as a whole had risen by 14 per cent to DM 1.9bn.

The new Siemens range, which will give the German company for the first time a complete choice of computers of every size, includes two main families. The company appears to place the main emphasis on the 7700 Series, which it will build itself and sell in the first place to existing customers as a replacement for older Siemens machines.

The second family is the 7800 designed and built by Siemens' Japanese partner, Fujitsu. The largest of these very big machines will be able to handle 9m operations a second. Siemens sees the Japanese computers as being aimed primarily at replacement of older IBM machines, and hinted that it will be selling them in European markets at well below IBM's prices.

Axel Johnson big four all make losses

BY WILLIAM DULLFORCE

STOCKHOLM, Nov. 1.

THE FOUR principal subsidiaries of the Axel Johnson group, Sweden's second largest privately owned business, all made losses in the first eight months of this year. The combined pre-tax loss is of the order of SKR 115m ($27.3m), but such a computation must be taken with reservations because of the complicated cross-ownership pattern in the group.

Nordstjernan, the largest subsidiary, restricted its eight-month loss to SKR 43m, a SKR 23m improvement on the loss in the corresponding period last year. Turnover rose by 14.5 per cent to SKR 3.4bn.

Nordstjernan's difficulties derive from its special steel, shipping and engineering operations. Both prices and order intake for special steels improved somewhat during the period, which meant that losses could be limited to SKR 34m against SKR 48m for the corresponding period of 1977. The loss for 1978 as a whole should be considerably lower than that recorded last year.

The eight-month shipping loss grew by SKr 9m to SKr 17m, mainly because of lower proceeds from the sale of ships, and the deterioration is expected to continue to the end of the year. On the engineering side the pre-tax loss was cut from SKr 22m to SKr 19m at the eight-month point, but the final 1978 loss will be considerably larger than last year's. The rebuilding of the Motala company and low capacity utilisation are holding down results.

The group's main trading concern, A. Johnson, took a cut in turnover of close to 6 per cent, giving eight-month sales of SKr 1.85bn. It reports a pre-tax loss of SKr 6m against earnings of SKr 4.6m at the eight-month stage last year. Its "associate companies" made losses of SKr 11m on sales of SKr 1.12bn, but these losses will be more or less eliminated by the end of the year, it is stated.

The worst performance came from the Nynäs petroleum company, whose eight-month pre-tax performance slumped from a profit of SKr 2.5m last year to a loss of SKr 58m. Sales were marginally ahead at SKr 1.2bn. The setback is attributed to the market surplus in petroleum products and refinery capacity, but it was aggravated by stock evaluation losses.

Nya Asfalt, the construction and civil engineering company, experienced a slump in turnover from SKr 906m to SKr 786m over the eight months and saw a SKr 2.2m pre-tax profit turned into a loss of over SKr 7m.

MEDIUM-TERM CREDITS

Record for Spanish utility

BY FRANCIS GHILES

HIDROELECTRICA ESPANOLA is raising $80m for 10 years with four years' grace on a spread of ¾ per cent throughout. These terms are the finest obtained by a Spanish utility in the current cycle. Joint lead managers are Banco Espanol de Credito and Manufacturers Hanover Trust.

Midland Bank is arranging a $18m loan for Privedna Banka Zagreb. The funds will support the contract being undertaken by Royal Bos Kallis Westminster group in connection with the construction of the Jugoslavenski Naftovod oil pipeline. The maturity of the loan is eight years, with three years' grace, and a spread of 1 per cent.

The Government-owned electricity utility in Costa Rica, ICI, has mandated Libra Bank to raise $70m for 10 years. The borrower is paying a spread of 1 per cent for the first three years, rising to 1¼ per cent for the following four, and 1½ per cent for the remaining three.

Dividends put car profits up

By Our Financial Staff

THE HOLDING company for the Peugeot-Citroen group reports first half 1978 profits of FFr 204.8m ($50.76m) after tax, compared to FFr 54m a year earlier. The latest results are apparently inflated by extra dividend payments.

Last year the Peugeot-Citroen as a whole returned net profits of FFr 1.25bn.

Nationale Nederlander still in U.S. bid talks

By Charles Batchelor

AMSTERDAM, Nov. 1.

NATIONALE Nederlanden is continuing its exploratory discussions with Life Insurance Company of Georgia of the U.S.

Mr. J. M. van der Meulen, the secretary of the Dutch company, the largest insurance group in Holland, told the Financial Times today that a formal takeover offer for LOG was being considered.

This news may help clear away some of the confusion that must exist in the minds of Nat-Ned shareholders following two days of claims and counter-claims from the two companies.

A prepared statement from Nat-Ned yesterday declared that it had never made a formal offer for LOG. This followed suggestions from the American insurance company that a cash bid of $300m ($5... a share) had been turned down by the LOG Board, which has a controlling interest in the company.

If it materialises a bid for LOG would easily be Nat-Ned's largest venture into the U.S. insurance market, said Mr. van der Meulen. The acquisition of holdings in four other insurance companies over the past four years has cost the Dutch company only $130m, he said.

Nat-Ned considers that an offer of $50 per share for LOG is "not so crazy" when the management, reputation and goodwill of LOG are taken into account. The conservative accounting principles applied by insurance companies tend to mean that their shares are undervalued by their stock exchange quotation, Mr. van der Meulen said.

VONTOBEL EUROBOND INDICES
14.5.76=100%

PRICE INDEX	31.10.78	24.10.78	AVERAGE YIELD	31.10.78	24.10.78
DM Bonds	105.55	105.55	DM Bonds	6.472	6.474
HFL Bonds & Notes	99.44	99.87	HFL Bonds & Notes	8.475	8.382
U.S. $ Strt. Bonds	95.91	97.29	U.S. $ Strt. Bonds	9.539	9.277
Can.-Dollar Bonds	94.69	95.63	Can.-Dollar Bonds	10.446	10.239

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Toyota Motor Sales has loss despite turnover rise

BY CHARLES SMITH

TOKYO, Nov. 1.

TOYOTA Motor Sales Company, the marketing arm of Japan's largest motor manufacturing group, has had its after-tax profits reduced for the six months ending September 1978 by 5 per cent from corresponding levels to Y12.96bn ($67.53m).

Sales, however, were up in both value and unit terms. The company sold 1.5m vehicles during the six-month period compared with 1.35m vehicles a year earlier. Its sales turnover amounted to Y1.4bn up from the previous year's figure of Y1.30 bn.

Toyota attributes its profit decline in part to exchange losses caused by the effect of yen revaluation on its dollar-denominated export earnings. "Gross" losses from foreign exchange rate movements totalled about Y1bn, but the company was able to reduce the net impact to Y3bn by hedging transactions. Foreign exchange losses occurred because of a time lag between yen revaluation and corresponding increases in the dollar price of Toyota cars sold in the U.S.

Toyota's domestic car sales rose by a substantial 21 per cent during the six-month period as compared with the same period of last year, reaching a total of 796,630 units. Its exports stayed at almost exactly the same levels as in 1977 (703,172 units compared with last year's figure of 702,032 units). This performance compares favourably with that of rival car manufacturers, whose exports declined substantially during the past few months.

However, Toyota believes that exports will begin to fall during the remainder of its 1978 business year (ending on March 31, 1979). The company's estimate for exports during the next six months is 610,000 units (a 13 per cent decline from the figure for the first half of the year). This estimate is based on the assumption that the yen-dollar exchange rate will average 1 dollar=yen 190.

Toyota is also forecasting a slight fall in domestic car sales during the remainder of 1978 fiscal year—to 740,000 units. Net income (for the whole fiscal year) is forecast at Y21.5bn compared with the 1977 figure of Y25.2bn.

Highlands and Lowlands in bid

BY ANTHONY ROWLEY

HONG KONG, Nov. 1.

HIGHLANDS AND Lowlands Berhad, Malaysia's fourth largest plantations group, in acreage terms, has begun talks with a view to acquiring three Hong Kong-registered plantation concerns—The Rubber Trust, Amalgamated Rubber Estates and Shanghai Kelantan Rubber Estates (1925).

Highlands and Lowlands said that the talks had been initiated with a view to agreeing the terms of offers to be made by H and L for all the issued share capitals of the three companies not already owned by Rubber Trust, Amalgamated Rubber Estates and Highlands and Lowlands itself.

A joint statement issued on behalf of the three companies said: "The directors of Rubber Trust, Amalgamated Rubber and Shanghai Kelantan announce that they have received an indication that cash offers may be made by Highlands and Lowlands Berhad for all of the shares in the companies other than those shares already owned by the companies in each other and by Highlands and Lowlands."

The indicated offer prices per share are as follows: Rubber Trust HK$ 4.45; Amalgamated Rubber HK$ 3.10; Shanghai Kelantan HK$ 7.40.

While these prices are in excess of present market values they are, in the opinion of the directors, less than the companies' respective asset values.

Israel Reinsurance up

BY L. DANIEL

TEL AVIV, Nov. 1.

THE ISRAEL Reinsurance Company reports that its premium income doubled in the year ended June 30 to reach the equivalent of US$18m. A total of $6m, derived from operations abroad, was transferred to the Israeli insurance companies, which represented more than three times the 1976/7 figure.

Net after-tax profit increased by 70 per cent to almost $0.5m which permitted an increase in the sum transferred to reserve from $80,000 to $132,000 and an increase in the bonus share allocation from 20 to 30 per cent, additional to the unchanged cash dividend of 14 per cent.

Singapore Gold Exchange nears start

SINGAPORE, Nov. 1.

SINGAPORE'S Gold Exchange is to start operations on November 22.

Gold Exchange of Singapore Pte has announced that it expects to be formally incorporated within a few days to operate the market, while another company, Singapore Gold Clearing Pte, is to be incorporated at the same time to run an exchange clearing house.

The clearing house will clear and guarantee all contracts entered into by exchange members with each other, excluding contracts by overseas associate members and members of the public.

The issued share capital of the exchange will be held equally by the members and each member will subscribe to one fully paid share of S$20,000 nominal value.

All members will be Singapore incorporated companies with a paid-up and maintained share capital of at least S$1m, and all members will also be members of the clearing house.

The exchange named initial broker members as G. and C. Bullion Pte, Holiday Cutler Bath and Co. Pte, Ong Bullion Pte, Sin Huat Rubber Company (Pte) and URB Commodities Pte.

It named the five initial dealer members as DBS Trading (Pte), New Court Merchant Bankers, OCBC Bullion, Overseas Union Bullion and UOB Bullion.

The dealer members are subsidiaries of four locally incorporated commercial banks and a merchant banking associate of the Rothschild group. Broker members are Bullion Trading associates of five local rubber broking concerns.

The share capital of the clearing house will be S$1m held equally by Overseas Chinese Banking Corporation, United Overseas Bank, Overseas Union Bank, Bank of Nova Scotia and Development Bank of Singapore.

The entrance fee for overseas associate members will be S$10,000.

Dealers and brokers will be allowed to deal with the public, but all trading on the floor of the exchange will be conducted between brokers who will not be allowed to take positions on their own accounts.

Lots will be in 100 ounces except for prompt delivery which will be in three kilo bar lots of 999.9 fineness.

Delivery will be in gold certificates issued by approved issuers who will be the fine clearing house shareholders. Trading will be denominated in U.S. dollars and commissions will be charged at a rate of US$20 per lot each way or half for day trades.

Initial margins will be 1,000 U.S. dollars per lot.

Reuter

Advance at Island and Peninsula

By Wong Sulong

KUALA LUMPUR, Nov. 1.

ISLAND AND Peninsula, the Malaysian property, plantation and mining group, has turned in another set of impressive results, with half-year pre-tax profits rising by 20 per cent to 12.2m ringgit (U.S.$5.7m).

The earnings increase was dominated by the parent company, which is involved in the development of residential houses. Buoyant demand for its houses pushed its pre-tax profits for the six months to September up nearly 400 per cent, from 1.2m ringgit to 4.7m ringgit.

The group's palm oil subsidiary, Austral Enterprises Berhad, suffered a 34 per cent fall in profits to 2.6m ringgit. Like other oil-palm companies, Austral's output was hit by the drought, and production of both palm oil and kernels fell by an average of 26 per cent.

Island and Peninsula's mining subsidiary, Talam Wines Berhad, reported a 28 per cent decline in tin output, but as a result of the much higher prices for the metal, its pre-tax profits rose 21 per cent to 374,000 ringgit.

The directors say that although similar profits, especially from the housing sector, are not expected in the second-half, they are confident that profits for the full year should surpass last year's record pre-tax level of 19.2h ringgit.

CONSOLIDATED ACCOUNTING

Toeing the line the Japanese way

BY RICHARD C. HANSON IN TOKYO

An analysis of the Japanese companies which have compiled consolidated earnings statements for the first time under new national regulations indicates that the spirit of the legislation has mostly been ignored. The regulations do not require consolidation *of associate companies with a holding below 50 per cent*—a loophole unlikely to be removed for at least two years. Behind the apparent lack of enthusiasm for consolidation lies a preference among Japanese executives for maintaining operations, sometimes unprofitably, in order to keep employees working

THIS YEAR Japanese companies have been required to curb their natural reticence and compile consolidated earnings statements for the first time. An analysis of the results so far confirms that while the letter of the new law has been observed, most companies have tried hard—and successfully—to ignore the spirit in which it was enacted.

The majority of Japanese companies close their accounts for the year in March, and the mid-term, to September, reporting season is now in full swing. Consolidated reports—except for a handful of companies which previously consolidated earnings to meet U.S. Securities and Exchange Commission requirements—where the first-ever issued by most, and reflect a two-year *scramble to take advantage of* the loopholes in the regulations, which do not require consolidation of associates held as to less than 50 per cent. The rules are not expected to be tightened up for at least another two years—to require equity method accounting for offshoots held 20 per cent or more.

A survey by Nomura Research Institute, covering 268 companies listed on the First section of the Tokyo Stock Exchange, shows that more than half (145) chose to include only five or less of their subsidiaries when putting together the consolidated statement. An additional 57 added the results of 10 or less—for an overall average of five to six subsidiaries in the consolidation—while it is estimated that the normal Japanese company averages about 20 subsidiaries.

When a firm date for the new requirement was set, companies began quickly to shift shares held in subsidiaries which could prove a drain on overall earnings outside of the parent company. Most often, it appears, the shares were taken up by other subsidiaries. Some of the largest Japanese companies, like Toyota Motor, have long kept holdings in other Toyota group companies below the 50 per cent level, making consolidation unnecessary under present rules.

An example of how consolidation had little effect on reporting its Nippon Kokan K.K., Japan's second largest steelmaker and a leading shipbuilder. Its group includes two of the largest of the medium-size steel producers, also listed on the First Section of the Tokyo First section. However, neither Toshin Steel, owned 42 per cent by the parent, nor Azuma Steel, held 41.4 per cent appear in Nippon Kokan's consolidated statement.

Perhaps more importantly, however, the consolidated statement has no bearing on a company's tax treatment under present commercial law. For tax purposes, only the parent company and individual subsidiary reports, separately, are required. Finance Ministry officials would like to change to a system of accounting for taxes on income as in the U.S., but change is not foreseen in the near future.

The reasons behind this apparent lack of enthusiasm for consolidation go to the root of the Japanese business ethos, and, understandably, the local tax system for Japanese corporations. Despite the growing interest in Japanese companies by profit conscious European and U.S. investors, Japanese companies (with a few exceptions) have never placed much emphasis on turning a net profit to impress shareholders. Executives here still prefer to maintain operations, though sometimes unprofitably, in order to keep employees working.

Many subsidiaries were created with little care as to their actual performance, but more to provide an outlet for employees, or in slow business periods to acquire a ready customer for parent company products—if only on paper—or, conversely, as means of avoiding the appearance of too much prosperity. To consolidate subsidiaries—in the spirit of the regulations—would wreak havoc with earnings statements for some companies.

The changes in earnings performance of the companies in the Nomura survey provided few surprises, although the increase in capital when the companies presented a consolidated statement was smaller than expected, reflecting more weakness in the subsidiaries than thought previously.

The company which showed the greatest improvement in the March 31 year on a consolidated basis was Hitachi, the giant general electric machinery maker. On a consolidated basis its capital more than doubled. Net profit rose from a parent company basis of Y31.4bn to a consolidated net of Y77.8bn.

Takeda Chemical Industries saw more than a half increase in capital and a near doubling of net profit to Y13.9bn from Y7.22bn on a parent basis. Nippon Oil showed a rise in net profit from Y14.7bn to Y26.6bn. Mitsubishi and Hitachi Sales were also highly ranked.

Some of the worst performances under consolidation were recorded by the trading houses, with the exception of the field leader Mitsubishi Corporation. C. Itoh and Company saw its net loss for the year rise geometrically to Y12.4bn from a loss of Y1.127bn on a parent-only basis.

One of the most remarkable turnrounds was seen in the operating profit of Keihin Kyuko, a private railway with a department store and other interests, which recovered to an operating profit (pre-tax) of Y2.35bn from a parent-only operating loss of Y1.082bn. Mitsui Toatsu Kagaku showed an about-turn of parent operating loss of Y11.4bn to a consolidated operating profit of Y2.98bn.

What the consolidation revealed was that in most cases the parent company results are still the most appropriate from the analytical point of view. The problem which faces many companies however, is that subsidiaries are more often than not in even worse condition, viewed from an equity ratio and profit standpoint, than the parent. This was behind *much of the subsidiary shedding* which went on.

Viewed overall, the 268 companies' consolidating statements showed an average increase of 7.8 per cent in net profit and 27.3 per cent in operating, pre-tax profit, compared with the parent company totals. Capital increased only 7.5 per cent. Sales were up 11.5 per cent over parent company basis results.

The manufacturing sector, 189 companies, showed a net profit increase under consolidation of 20.2 per cent, but the non-manufacturing sector showed a loss of 15.3 per cent profitability.

The biggest gains in net profit were posted in the electronic makers group, followed by oil companies, marine industries, medical equipment and food sectors. The worst losses on a consolidated basis were marked by textiles, non-ferrous metals, shipping firms and chemicals.

Sales were boosted most under consolidation in the sector which includes private railways and which have huge holdings in real estate, supermarket chains and department stores, so that they are kept off the parent's books. They gained 64.4 per cent under consolidation. Number two gainer in sales was surprisingly, in the depressed shipbuilding sector. But this gain was due entirely to that of Mitsubishi Heavy Industry, which in turn benefited almost wholly from consolidation of its healthy Mitsubishi Motors unit.

Currency, Money and Gold Markets

Dollar firms in confused trading

After a comparatively inactive morning, trading in yesterday's foreign exchange market became very confused, following new measures announced by the U.S. authorities to support the dollar. These included a full 1 per cent rise in the discount rate and the dollar was subsequently quoted sharply firmer against all currencies. Some European centres were closed for a religious holiday and so a clearer picture of the full implications would not be seen until markets re-opened today. However this latest package is seen not only as carrying the psychological impact necessary to bolster the dollar, but is considered to include enough concrete measures to justify any recovery. On the other hand the rise in short term U.S. interest rates and Eurodollar deposit rates has increased the cost of carrying short term dollar positions to such an extent that the recovery could be described largely as one of a technical nature.

Quotations were on a very wide spread, reflecting market uncertainty and the dollar leapt to DM1.8700 against the D-mark before closing slightly off the top at DM1.8550 compared with Tuesday's close of DM1.7550. Similarly the Swiss franc slumped to SwFr 1.6000 before recovering at the close to SwFr 1.5850, still well down from the previous close of SwFr 1.4975. The Italian lira was quoted at L820 before finishing at L816½ against L791, and the Japanese yen saw a low point of Y192 before closing at Y185 from Y179.1. Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation narrowed to 11.0 per cent from Tuesday's level of 13.2 per cent.

Sterling opened at \$2.0660-2.0680, its best level of the day and a firmer undertone in the dollar pushed the rate down to \$2.0550 by early afternoon. Trading then became confused and erratic with dealers quoting 2 cent spreads on occasion.

Initial reaction to the U.S. announcement saw sterling at \$1.9500, its worst level, and this prompted some support by the Bank of England. The dollar finished below its best levels and sterling closed at \$2.0130-2.0230, a fall of 5¼ cents from Tuesday's close. The pound's fall against the dollar appeared to be less pronounced than other major currencies and it finished sharply firmer against the D-mark at DM 3.7350 compared with 3.6400 previously. Using Bank of England figures however, the pound's trade weighted index fell to 62.3 from 63.1, having stood at 62.8 at noon and in early dealings.

FRANKFURT—To say that trading was chaotic would appear to be something of a euphemism, after the U.S. authorities' dollar support package was announced. At the fixing the dollar stood at DM 1.7735 compared with DM 1.7367 on Tuesday. At the fixing the Bundesbank bought nearly \$6m which helped the dollar, in the light of many closures in Europe due to a public holiday. Later in the day trading became very confused and very wide spreads were quoted with the D-mark around DM 1.8400.

ZURICH—Trading was initially very active with the dollar showing sharp gains. News of further measures to support the dollar came as something of a surprise as regards the timing of such a move and the primary impact was substantial. The Swiss franc was quoted at SwFr 1.5775-1.5875, up from SwFr 1.5380-1.5410 just before the news and DM 1.8350-1.8450 from DM 1.7870-1.7890 in terms of the D-mark. The Japanese yen jumped to Y185-187 against Y180.4-180.6.

AMSTERDAM—The fixing level of Fl 1.9170 was up from Tuesday's level of Fl 1.8735. In later trading the dollar improved strongly to Fl 2.0400 after measures announced by the US authorities to support the dollar.

TOKYO—The dollar staged a strong recovery against the Japanese yen to close at Y178.80 compared with Tuesday's record low of Y176.075. Demand for the U.S. currency was generally good throughout on rumours that President Carter may implement further measures to counter inflation. There also seemed to be some benefit derived from higher interest rates in the U.S. with Chase Manhattan leading the way to 10¼ per cent prime rates. In early trading the dollar was as low as Y177.40 but buying soon pushed it up to a high of Y178.85. Trading was fairly heavy, with spot turnover at \$555m, forward dealings at \$169m, and swap trading accounting for \$492m.

THE POUND SPOT

Nov. 1	Bank rate %	Day's Spread	Close
U.S. $	9½	1.9500-2.0680	2.0160-2.0250
Canadian $	10¼	2.3100-2.4020	2.3475-2.3575
Guilder	6½	3.91-4.07	4.05-4.06
Belgium F	6	56.20-58.00	57.50-57.80
Danish K.	8	10.01-10.27	10.25-10.27
D-Mark	3	3.61-3.76	3.72-3.75
Port. Esc.	18	89.90-91.00	90.00-91.00
Span. Pes.	8	139.50-143.00	142.00-143.00
Lira	10½	1,620-1,650	1,640-1,650
Nrwgn. K.	7	9.77-9.98	9.93-9.98
French Fr.	9½	8.29-8.57	8.54-8.57
Swedish Kr.	6½	8.47-8.65	8.58-8.65
Yen	3½	365-380	370-380
Austria Sch	4½	26.40-27.50	26.90-27.20
Swiss Fr.	1	3.09-3.25	3.18-3.21

Belgian rate is for convertible francs. Financial franc 61.45-61.55.

FORWARD AGAINST £

One month	% p.a.	Three months	% p.a.
0.40-0.30 c.pm	2.08	0.90-0.80 c.pm	1.6[illegible]
0.65-0.50 c.pm	2.85	1.95-1.75 c.pm	3.1[illegible]
1 c.pm-par	1.48	4¾-2¾ c.pm	2.9[illegible]
15-5 c.pm	2.09	48-25 c.pm	2.2[illegible]
6¼-8¼ ore dis	-8.46	15¼-17¼ ore dis	-8.[illegible]
3-2 pf pm	8.05	9-8 pf pm	9.[illegible]
70-170 c. dis	-15.91	200-560 c. dis	-12.[illegible]
180-280 c. dis	-19.37	550-650 c. dis	-16.[illegible]
5¼-6¼ lire dis	-3.65	12-15 lire dis	-3.[illegible]
1¼-3¼ ore dis	-3.01	7-9 ore dis	-3.[illegible]
3¼-2¼ c. pm	3.86	8-7 c. pm	3.[illegible]
par-2 ore dis	-0.70	4 ore pm-1¼ dis	-0.[illegible]
3.45-2.95 y pm	10.24	9.35-8.80 y pm	9.[illegible]
12-2 gro pm	3.11	28-18 gro pm	3.[illegible]
3¼-2¼ c. pm	10.36	10¼-9¼ c. pm	12[illegible]

Six-month forward dollar 1.25-1.15c pm. 12-month 2.90-2.60c pm.

THE DOLLAR SPOT

November 1	Day's spread	Close
Canad'n $*	85.98-86.04	85.92-86.02
Guilder	1.9100-2.0000	1.9700-2.0000
Belgian Fr	27.67-28.20	28.10-28.20
Danish Kr	4.8795-5.1100	5.0900-5.1100
D-Mark	1.7670-1.8600	1.8400-1.8600
Port. Esc	43.90-44.80	44.40-44.80
Span. Pta	67.90-68.20	68.00-68.20
Lira	797.00-830.00	810.00-830.00
Nrwgn. Kr	4.7600-4.9700	4.9200-4.9700
French Fr	4.0350-4.3000	4.2000-4.3000
Swedish Kr	4.1589-4.2700	4.2600-4.2700
Yen	179.60-188.00	185.00-188.00
Austria Sch	12.9200-13.5000	13.4500-13.5000
Swiss Fr	1.5210-1.6000	1.5900-1.6000

* U.S. cents per Canadian $.

FORWARD AGAINST $

One month	p.a. %	Three months	p.a. %
0.03-0.06c pm	0.61	0.27-0.31c pm	[illegible]
0.15-0.05c pm	0.60	1.10-1.00c pm	[illegible]
par-5c dis	1.06	3c dis-4c pm	[illegible]
3.25-3.75oredis	-8.57	8.75-9.25oredis	[illegible]
0.96-0.91pf pm	6.08	3.38-3.33pf pm	[illegible]
35-160c dis	-28.92	135-580c dis	[illegible]
100-120c dis	-18.76	290-320	[illegible]
2.85-3.60lire dis	-4.69	9.25-10.25lire dis	[illegible]
1.98-2.40ore dis	-4.88	5.00-5.50ore dis	[illegible]
[illegible]	1.41	1.90-1.70c pm	[illegible]
0.20-0.40ore dis	[illegible]	0.40-0.60ore dis	[illegible]
1.35-1.25y pm	8.32	3.82-3.72y pm	[illegible]
3.75-2.75gro pm	3.03	11.25-8.75gro pm	[illegible]
1.27-1.22c pm	9.33	4.38-4.25c pm	[illegible]

CURRENCY MOVEMENTS

November 1	Bank of England Index	Morgan Guaranty changes %
Sterling	62.3	-41.5
U.S. dollar	Unavailable	-11.0
Canadian dollar	"	-17.0
Austrian schilling	"	+24.2
Belgian franc	"	+16.7
Danish krone	"	+6.8
Deutsche Mark	"	+39.5
Swiss franc	"	+91.9
Guilder	"	+19.2
French franc	"	-6.3
Lira	"	-48.2
Yen	"	+52.2

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

October 31	Special Drawing Rights	European Unit of Account
Sterling	0.645354	[illegible]
U.S. dollar	1.30873	1.40[illegible]
Canadian dollar	1.57398	1.68[illegible]
Austrian schilling	17.1336	18.2[illegible]
Belgian franc	36.6500	39.2[illegible]
Danish krone	6.47622	6.90[illegible]
Deutsche Mark	2.34244	2.49[illegible]
Guilder	2.52696	2.70[illegible]
French franc	Unavail.	Unav[illegible]
Lira	1064.81	114[illegible]
Yen	237.387	255.1[illegible]
Norwegian krone	6.29876	6.74[illegible]
Peseta	91.1054	97.5[illegible]
Swedish krona	5.50778	5.9[illegible]
Swiss franc	2.00430	2.13[illegible]

OTHER MARKETS

Nov. 1	£†	$		Note Rates
Argentina Peso	1,815-1,817	897.5-899.5	Austria	—
Australia Dollar	—	—	Belgium	—
Finland Markka	7.62 / 70	3.8010-3.8050	Denmark	—
Brazil Cruzeiro	38.68-39.68	19.15-19.65	France	—
Greek Drachma	72.458-74.226	35.87-36.7	Germany	—
Hong Kong Dollar	9.65-9.66	4.7300-4.7350	Italy	—
Iran Rial	—	70.40-70.70	Japan	—
Kuwait Dinar (KD)	—	—	Netherlands	—
Luxembourg Franc	57.50-57.80*	28.60-28.80	Norway	—
Malaysia Dollar	4.58-4.59¼	2.1190-2.1250	Portugal	—
New Zealand Dollar	—	—	Spain	—
Saudi Arabia Riyal	—	—	Switzerland	—
Singapore Dollar	—	2.1040-2.1055	United States	—
South African Rand	1.7384-1.7465	0.8590-0.8645	Yugoslavia	—

Rate given for Argentina is free rate.
* Rate for Luxembourg on October 31 should have been 58.60-58.70 (£).
† Certain rates unavailable because of sharp currency fluctuations.

EXCHANGE CROSS RATES

Nov. 1	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.020	3.735	375.0	8.555	3.195	4.046	1645	2.355	57.65
U.S. Dollar	0.495	1.	1.849	185.6	4.235	1.582	2.002	814.4	1.166	28.54
Deutsche Mark	0.268	0.541	1.	100.4	2.290	0.855	1.083	440.4	0.630	15.44
Japanese Yen 1,000	2.667	5.387	9.960	1000.	22.81	8.520	10.79	4387.	6.273	153.7
French Franc 10	1.169	2.361	4.366	438.3	10.	3.735	4.728	1923.	2.750	67.39
Swiss Franc	0.313	0.632	1.169	117.4	2.678	1.	1.266	514.9	0.736	18.04
Dutch Guilder	0.247	0.499	0.923	92.71	2.115	0.790	1.	406.7	0.582	14.25
Italian Lira 1,000	0.608	1.228	2.271	228.0	5.201	1.942	2.459	1000.	1.430	35.05
Canadian Dollar	0.425	0.859	1.588	159.4	3.637	1.358	1.719	699.3	1.	24.51
Belgian Franc 100	1.735	3.504	6.479	650.5	14.84	5.542	7.016	2855	4.081	100.

EURO-CURRENCY INTEREST RATES*

Nov. 1	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	N.A.	9½-9⅝	N.A.	9-9½	[illegible]	2⅜-3⅛	7-7¼	20-25		⅜-⅞
7 day's notice	N.A.	9⅞-9½	N.A.	8⅞-9⅛	[illegible]	2½-3	7⅛-7⅜	13-14	9½-9⅝	¼-⅞
Month	N.A.	9⅝-9⅞	N.A.	9¼-9½	[illegible]	[illegible]	7⅝-7⅞	14½-15½	[illegible]	1⅛-1⅜
Three months	N.A.	11¼-11½	N.A.	9⅝-9⅞	[illegible]	[illegible]	9½-9¾	15½-16½	11⅛-11⅜	3⅛-3⅜
Six months	N.A.	11⅝-12⅛	N.A.	8⅝-8⅞	[illegible]	[illegible]	10½-10¾	16½-17½	11⅝-12⅛	[illegible]
One year	N.A.	11⅝-12⅛	N.A.	8½-8¾	[illegible]	[illegible]	11-11¼	16¾-17¾	11⅝-12⅛	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.15-10.25 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent, one year 11.70-11.80 per cent.

Long-term Eurodollar deposits: Two years 10¾-11 per cent; three years 10¼-10½ per cent; four years 10¼-10½ per cent; five years 10¼-10½ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two-day call for guilders and Swiss francs. Asian rates for closing rates in Singapore.

INTERNATIONAL MONEY MARKET

U.S. discount rate 9½ p.c.

Interest rates rose sharply in New York following the increase of 1 per cent to 9½ per cent in the Federal Reserve's discount rate, and other moves designed to bolster the dollar on the foreign exchange market. Several U.S. banks followed the lead of Chase Manhattan in raising their prime rates to 10½ per cent from 10¼ per cent.

The Federal Reserve intervened in early money market trading to add liquidity by way of overnight repurchase orders. The situation was also complicated by the fact that it was make-up day for U.S. banks, with Federal funds rising above 10 per cent. The Fed intervened at around the 10 per cent level, and rates declined to 9¾-9⅞ per cent before lunch, but market sources said that it remained impossible to predict the official target rate for Fed funds.

FRANKFURT—Call money rose quite sharply in the money market yesterday, rising to 3.0-3.2 per cent from 1.0-1.5 per cent as German banks began trading for the new month. The equally sharp decline over the previous two days, from a level of 2.90-3.00 per cent on Friday, was a reflection of excess liquidity at the end of October, as banks easily fulfilled last month's minimum reserve requirements. One-month funds eased to 3.40-3.50 per cent from 3.5-3.55 per cent, while three-month and six-month were steady at 3.90-3.95 per cent and 3.95-4.00 per cent respectively. Twelve-month money was quoted at 4.10-4.20 per cent, compared with 4.15-4.20 per cent.

The central bank council of the Bundesbank will hold a Press conference following its meeting in Berlin today. This may not indicate any credit policy change, however, since meetings are held in Berlin only once a year, and a Press conference is usually held at that time.

AMSTERDAM—The latest issue of 15-year Government bonds attracted Fl 600m at a yield of 8.38 per cent. Last month a 10-year bond issue attracted only Fl 250m at a coupon of 7.5 per cent. The previous issue was priced at par, compared with 100.8 this time. Call money rose to 9¾ per cent from 8¾-9¼ per cent in the money market, while one-month was quoted at 9¾-10¼ per cent, against 9¾-10¼ per cent. Three-month eased to 9¾-10 per cent from 10-10¼ per cent, and six-month funds rose to 9¾-9¾ per cent from 9¾-9¾ per cent.

MEXICO CITY—The central bank authorised increases in interest rates on some short-term deposits in Mexican pesos by as much as 4 per cent. Interest rates are offered at different percentages for individual and corporate savers. U.S. dollar deposits of \$100,000 for a minimum of one month will earn corporations the same rate as in the Eurodollar market to avoid the placing of those resources overseas. Any excess liquidity at the end of this year will be siphoned off by the central bank during the first half of next year. By arrangement with the Bankers Association the excess will not rise more than 4 per cent during the last quarter, and the excess during December will be used as a deposit in the central bank, to be returned gradually during the first half of 1979.

UK MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 10 per cent (since June, 1978)

Day-to-day credit was expected to be in good supply in the London money market yesterday, but the authorities gave moderate assistance to the market by buying a moderate number of Treasury bills from the discount houses, and a small amount of local authority bills.

Houses were faced with the unwinding of an earlier purchase and resale order of bills, but on the other hand they were helped by small excess balances brought forward by the banks, a small excess of Government disbursements over revenue payments to the Exchequer, and a small decline in the note circulation.

Call money commanded 8½-9 per cent in the early part, but fell to 5-5½ per cent at the colse.

In the interbank market overnight loans opened at 9¾-10 per cent, and finished at 4-6 per cent.

LONDON MONEY RATES

Nov. 1 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	4-10	—	—	—	—	[illegible]	—	—	—
2 days notice	—	—	9¾-10	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	9⅞-9⅞	10-10⅜	—	10¼	—	9¾	—	—	—
One month	10-10[illegible]	[illegible]	10⅛-10⅜	10½-10¾	10¾	—	9⅞	10[illegible]-10[illegible]	10½-10[illegible]	11⅛
Two months	[illegible]	[illegible]	—	10⅝-10⅞	11⅛	—	10	[illegible]	[illegible]	11¼
Three months	[illegible]	11-11[illegible]	10½-11	11-11¼	11¼	—	10¼	10½-10[illegible]	11-11[illegible]	11½
Six months	[illegible]	[illegible]	10⅞-11⅛	11⅜-11⅝	12	—	—	—	11½-11⅝	11¾
Nine months	11⅜-11½	[illegible]	—	11⅞-11⅝	12	—	—	—	—	—
One year	11⅜-11[illegible]	11⅝-11¾	10⅞-11½	11⅝-11⅞	12	—	—	—	—	—
Two years	—	—	11[illegible]-12½	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rates nominally three years 12-12½ per cent; four years 12¼-12½ per cent; five years 12½-13 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 11¼ per cent, four-month trade bills 11½ per cent.

Approximate selling rates for one-month Treasury Bills 9[illegible]-10 per cent; and two-month 10[illegible] per cent, three-month 10[illegible] per cent. Approximate selling rate for one-month bank bills 10¼-10[illegible] per cent; two-month 10[illegible]-10[illegible] per cent, and three-month 10[illegible]-10[illegible] per cent, one-month trade bills 11 per cent; two-month 11¼ per cent; and also three-month 11½ per cent.

Finance House Base Rates (published by the Finance Houses Association) 10 per cent from November 1 1978. Clearing Bank Deposit Rates for small sums at seven days' notice 6.7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bill: Average tender rates of discount 10[illegible] per cent.

GOLD

Sharp fall

Gold was sharply weaker in the London bullion market yesterday as the U.S. authorities announced new measures to support the dollar. The metal closed at \$224-\$228, a fall of \$15¼. Its highest level was the opening of \$238¼-\$239¼ and the morning fixing showed little change at \$238.6[illegible].

	Nov. 1	Oct. 31
Gold Bullion (a fine ounce)		
Close	\$226-228	\$241½-242¼
Opening	\$238¼-239¼	\$243¼-244¼
Morning fixing	\$238.65 (£115.930)	\$243.65 (£116.775)
Afternoon fixing	\$227.50 (£115.164)	\$242.60 (£116.160)
Gold Coins domestically		
Krugerrand	\$234-236 (£117½-118½)	\$247½-249½ (£119¼-120¼)
New Sovereigns	\$64-66 (£32-33)	\$67½-69¼ (£32¼-33¼)
Old Sovereigns	\$64-66 (£32-33)	\$66¼-68¼ (£32-33)
Gold Coins internationally		
Krugerrand	\$234-236 (£117½-118½)	\$249½-251½ (£120-121)
New Sovereigns	\$64-66 (£32-33)	\$65-68 (£31¼-32¼)
Old Sovereigns	\$64-66 (£32-33)	\$66¼-68¼ (£32-33)
\$20 Eagles	\$307-311	\$317-321
\$10 Eagles	\$158-164	\$170-175
\$5 Eagles	\$105-111	\$108-113

Trading after the afternoon fixing of \$227.50 proved to be almost non-existent with a low for the day of \$220 which was quoted at the hour long afternoon fixing.

In Frankfurt the 12½-kilo bar was fixed at DM 13,605 (\$230.22 per ounce) compared with DM 13,635 (\$243.94) previously.

MONEY RATES

NEW YORK

Prime Rate	10¼-10½
Fed Funds	9.8125
Treasury Bills (13-week)	8.85
Treasury Bills (26-week)	9.28

GERMANY

Discount Rate	3
Overnight	3.10
One month	3.45
Three months	3.925
Six months	3.975

FRANCE

Discount Rate	9.5
Overnight	7
One month	7
Three months	7.375
Six months	7.6875

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.25
Bills Discount Rate	4.625

Dow rebounds 35 on dollar support move

INVESTMENT DOLLAR PREMIUM
$2.00 to £1—80% (70½%)
Effective $2.0200 39⅛% (36¼%)

TOUGH U.S. MEASURES to support the dollar pulled Wall Street out of its recent steep slide and sent it bounding ahead yesterday in a very large turnover to register its sharpest one-day gain on record.

The Dow Jones Industrial Average, down 19 points the previous day, shot ahead 35.34 to 827.79, surpassing the previous record day's advance of 32.93, achieved on August 16, 1971. The NYSE All Common Index climbed $2.12 to $53.79, while rises outpaced losses by 1,506 to 241. Turnover expanded to 50.45m shares from Tuesday's 42.88m.

Prior to the stock market opening, the Federal Reserve announced an increase to 9½ from 8½ per cent in its Discount Rate, the establishment of a supplementary reserve requirement and increases in its swap arrangements.

The Fed also signalled yesterday that it had raised sharply its target rate on Federal Funds.

Economists said the dollar support plan represented a basic shift in U.S. economic policy that should reduce the rapid growth of the money supply and the high inflation rate.

They added that the moves seemed to be an effort to condense what would have happened over several months into a few weeks and predicted that a peak in interest rates is now being approached.

The U.S. actions were welcome news on Wall Street which had seen stock prices plummet in recent weeks. The D-J Industrials index had fallen more than 104 points since mid-October and 115 points since hitting a high for the year in early September.

The market's rally during the spring and summer were based on the assumption that interest rates and inflation would peak by the end of the year. It fell sharply from September when those assumptions proved faulty.

Gains in individual issues were spectacular. IBM jumped $15⅛ to $276¼ ex-dividend, Du Pont $7⅞ to $127⅞, Teledyne $6⅞ to $90⅞, Digital Equipment $4⅞ to $49⅞ and Data Terminal Systems $7¼ to $35⅞.

Honeywell, which was reported to have said that its fourth-quarter prospects lok very good, advanced $4⅞ to $63⅞, while American Telephone rose $1¼ to $61⅞, $1⅞ to $49⅞ and Smithkline $8 to $86¼ ex-dividend.

Even Utilities, which stand to suffer from higher interest rates, were mostly higher. American Electric Power put on ¾ to $21¼, General Public Utilities ⅝ to $17½ and Soutern ⅝ to $14⅛. However, Atlantic City Electric slipped ⅞ to $19⅞.

Gold shares, however, retreated on lower Bullion prices. Dome Mines lost 3⅞ to $71½, Homestake Mining 2⅝ to $33⅛, and ASA 2⅞ to $25⅞.

Honda Motor, which could be affected by a stronger dollar, declined 1⅛ to $25⅛.

THE AMERICAN SE Market Value Index jumped a record 6.67 to 143.42 on heavy turnover of 7.7m shares (6.71m). The previous best one-day gain for the index, introduced in September, 1973, was 3.15 set on September 8 this year.

Resorts International "A," the most active stock, spurted 3⅞ to $38⅞, while Houston Oil and Minerals rose 1⅞ to $16⅞, Amdahl 5⅝ to $44½, Crutcher Resources 2¼ to $12⅞ and Syntex 2⅞ to $1⅞.

Canada

Responding strongly to the Wall Street trend, Canadian markets surged forward in an active business. The Toronto Composite Index advanced 20.7 to 1,236.5, the third highest daily increase since the exchange began such calculations in January 1976.

The Metals and Minerals index rose a record 40.0 to 1,119.7, while Oils and Gas surged ahead 50.2 to 1,519.8, Utilities 2.23 to 188.62, Papers 1.41 to 147.27 and Banks 1.21 to 292.97. However, the Golds index fell 89.9 further to 1,368.2 on weaker Bullion indications.

Tokyo

After Tuesday's reaction, the market showed some initial improvement, but subsequently declined to finish with a majority of falls on the day, affected by late liquidations in export-orientated issues.

The Nikkei-Dow Jones Average lost 30.51 more at 5,872.42 and the Tokyo SE index was 1.77 lower at 436.41. Business was quite heavy, with around 440m shares traded, against the previous day's 330m.

Vehicles, Cameras and Electricals closed generally lower on expectations that the strength of the yen would affect their export profits.

Toyota Motor Sales, which reported a 5 per cent fall in first-half profits, declined Y6 to Y670.

Kaken Chemical were down sharply by Y400 to Y1,700, while Nippon Television Network receded Y150 to Y6,750, Nippon Telecommunications Construction Y110 to Y3,899, Green Cross Y90 to Y2,210, Nippon Chemipare Y80 to Y1,180, Eisai Y70 to Y1,280, Toyama Chemical Y63 to Y840, Meito Sangyo Y55 to Y870, Taihei Dengyo Kaisha Y50 to Y1,300, Dainippon Pharmaceutical Y50 to Y680, Honda Motors Y10 to Y470 and Matsushita Electric Y5 to Y747.

On the other hand, Dai Nippon Printing advanced Y15 to Y606 and Casio were also notably firmer, adding Y23 at Y903.

Arabian Oil put on Y59 to Y1,700, Asahi Diamond Industry Y50 to Y990, Marudai Food Y49 to Y990, Komatsu Construction Y48 to Y270, Koa Fire and Marine Insurance Y44 to Y366 and Fuji Oil Y30 to Y960.

Germany

Depressed by the overnight weakness on Wall Street, stocks on the Frankfurt exchange mainly lost ground in light trading.

Brokers said a slight improvement in the Domestic Bond market yesterday and the firmer dollar failed to make any impact on the market. However, most shares did manage to close above their lows for the day.

The Commerzbank index was unavailable yesterday due to the All Saints Day holiday, which was observed by Catholic areas of Germany, including Dusseldorf, where the index is compiled.

The hardest hit sector was Machines, where Guetehoffnungshuette lost DM 1, Deutsche Babcock DM 3.80, Linde DM 2.70 and MAN DM 2.50.

Elsewhere, Degussa fell DM 4.90, Schering DM 8 and Hapag Lloyd DM 4.

Only Banks went against the lower trend, closing mixed to higher, with Bayerische Vereinsbank adding DM 1.30.

Trading on the Domestic Bond market was relatively lively, with Public Authority issues regaining up to 30 pfennigs. The Regulating Authorities sold a nominal DM 13.4m of paper, compared with purchases of DM 14m the previous day. Mark Foreign Loans were mixed.

Amsterdam

Dutch International share prices, easier for choice at the Bourse close, rose sharply in after-hours trading, responding to the announcement of the rise in U.S. Discount Rate and other dollar defence measures in the U.S. Unilever were quoted up to Fl 118.90 from Fl 115.70 at the Bourse close. Royal Dutch at Fl 123.00, against Fl 119.10, Philips at Fl 25.40, against Fl 24.40, Hoogovens at Fl 35.80, against Fl 33.20, AKZO at Fl 29.10, against Fl 27.70 and KLM at Fl 133.00 against Fl 124.50.

The rest of the Amsterdam market was generally firm throughout the session, with the Bourse Industrial index hardening 0.6 to 81.2.

Gains of between Fl 2 and Fl 4 were recorded in ABN, Heineken, HVA, AMEV, Amfas and VMF, but OCE-Van de Grinten lost Fl 2.80.

Dagblad Unie and Elsevier were requoted ahead of a further announcement on a possible merger. Dagblad Unie was quoted at Fl 270 bid, Fl 15 up on last Friday's close, and Elsevier at Fl 280 bid to Fl 290 offered against Fl 280 on Friday.

State Loans firmed, with the Fl 600m 8½ per cent 15-year State Loan up Fl 0.40 above the issue price at Fl 101.20.

Johannesburg

Gold shares weakened across the board, with some sharp losses recorded, reflecting the lower trend in the Bullion price. Declines ranged up to R4.20 in heavyweights.

Mining Financials were lower in unison with gold producers. Platinum issues shed around 10 cents apiece in thin trading, reflecting the fall in the free market price of the commodity. Coppers were generally little tested.

The Industrial market was narrowly mixed in a small trade.

Australia

Selective interest was seen for some Mining and Industrial stocks and also Banks after the recent general market depression, but Oils had another poor day.

In the wake of the Federal Government's interest rate cut, most banks improved, with ANZ rising 12 cents to A$3.62, Bank of NSW 4 cents to A$7.04 and National 2 cents to A$2.54.

AGC, the subject of a partial take-over bid by Bank of NSW, closed 10 cents up at A$1.80.

Industrial leader BHP picked up 8 cents to A$7.88, while News added 5 cents at A$2.55 and G. J. Coles, in Stores, put on 3 cents to A$2.24. ICI Australia, however, receded 7 cents more to A$2.13.

On the mining boards, CRA rose 5 cents to A$3.25 following an undertaking by the company to provide more details when it next reports on the Ashton Diamond search.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax. ♦ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ‖ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

Stock	Nov. 1	Oct. 31
[illegible]		

† Bid. ‡ Asked § Traded. ‖ New stock.

CANADA

Stock	Nov. 1	Oct. 31
[illegible]		

GERMANY ♦

Nov. 1	Price Dm.	+ or −	Div. %	Yld. %
AEG	81	−1.3	—	—
Allianz Versich	482.5	+1.5	31.2	3.2
BMW	225	−0.5	28.08	5.3
BASF	134	−0.7	18.76	7.0
Bayer	138.6	−0.6	18.75	6.8
[illegible]				

TOKYO ¶

Nov. 1	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	346		14	2.0
Canon	427	−3	12	1.4
Casio	903	+23	25	1.4
Chinon	400		20	2.5
Dai Nippon Print	606	+15	18	1.5
Fuji Photo	526	−6	15	1.4
[illegible]				

Source Nikko Securities, Tokyo

AUSTRALIA

Nov. 1	Aust. $	+ or −
ACMIL (25 cents)	†0.69	−0.01
Acrow Australia	†0.88	
AMATIL $1	†2.10	+0.05
Ampol Exploration	†1.50	
Ampol Petroleum	†0.75	
Assoc. Minerals	†1.55	+0.05
[illegible]		

OSLO

Nov. 1	Price Kroner	+ or −	Div. %	Yld. %
Bergen Bank	97.5	−0.5	9	9.3
Borregaard	62.5	−2.5	—	—
Creditbank	112.5		11	8.9
Kosmos	287.5	−7.5	20	6.9
Kreditkassen	109.5	+1.5	11	10.1
Norsk Hydro Kr5	180.0	+1	12	5.3
[illegible]				

BRAZIL

Nov. 1	Price Cruz	+ or −	Cruz.	Yld.
[illegible]				

Turnover Cr.72.1m. Volume 43.2m. Source: Rio de Janeiro SE.

JOHANNESBURG

MINES

Nov. 1	Rand	+ or −
[illegible]		

INDUSTRIALS

Nov. 1	Rand	+ or −
[illegible]		

Securities Rand U.S.$0.67½ (Discount of 41.5%)

SPAIN ♥

October 31	Per cent.	
[illegible]		

AMSTERDAM

Nov. 1	Price Fls.	+ or −	Div. %	Yld. %
[illegible]				

BRUSSELS/LUXEMBOURG

Oct. 31	Price Frs.	+ or −	Div. Net	Yld. %
[illegible]				

PARIS

Oct. 31	Price Frs.	+ or −	Div. Frs.	Yld. %
[illegible]				

SWITZERLAND ●

Nov. 1	Price Fr.	+ or −	Div. %	Yld. %
[illegible]				

STOCKHOLM

Nov. 1	Price Kronor	+ or −	Div. Kr.	Yld. %
[illegible]				

COPENHAGEN ♣

Nov. 1	Price Kroner	+ or −	Div. %	Yld. %
[illegible]				

MILAN

Oct. 31	Price Lire	+ or −	Div. Lire	Yld. %
[illegible]				

VIENNA

Nov. 1	Price %	+ or −	Div. %	Yld. %
[illegible]				

EUROPEAN OPTIONS EXCHANGE

Series	Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	July Vol.	July Last	Stock
[illegible]							

TOTAL VOLUME IN CONTRACTS 2882

Indices

NEW YORK—DOW JONES

	Nov. 1	Oct. 31	Oct. 30	Oct. 27	Oct. 26	Oct. 25	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials♦	827.79	792.45	811.85	806.05	821.12	830.21	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	86.67	86.70	86.89	87.24	87.24	87.51	90.86 (4/1)	86.67 (1/11)	—	—
Transport	213.05	208.71	213.04	212.25	217.52	221.81	261.48 (8/9)	199.31 (9/1)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	98.58	97.33	98.07	98.92	100.47	101.98	110.98 (3/1)	97.33 (31/10)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	50,450	42,880	59,480	40,550	31,980	31,580	—	—	—	—

* Basis of index changed from Aug. 24 ♦ Day's high 831.62 low 805.55

Ind. div. yield %	Oct. 27	Oct. 20	Oct. 13	(Year ago approx)
	5.89	5.67	5.29	5.49

STANDARD AND POORS

	Nov. 1	Oct. 31	Oct. 30	Oct. 27	Oct. 26	Oct. 25	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	107.76	103.42	105.61	104.95	106.65	107.92	118.71 (12/9)	96.52 (6/3)	134.64 (11/1/73)	3.53 (30/6/32)
§Composite	96.85	93.15	95.06	94.59	96.03	97.31	106.98 (12/9)	86.90 (6/3)	125.85 (11/1/63)	4.40 (1/6/32)

	Oct. 25	Oct. 18	Oct. 11	Year ago (approx.)
Ind div. yield %	5.09	4.93	4.69	[illegible]
Ind. P/E Ratio	9.05	9.34	9.81	9.12
Long Gov. Bond yield	8.67	8.63	8.58	7.78

N.Y.S.E. ALL COMMON

Nov. 1	Oct. 31	Oct. 30	Oct. 27	1978 High	1978 Low
53.79	51.67	52.65	52.52	60.38 (11/9)	48.37 (6/3)

Rises and Falls	Nov. 1	Oct. 31	Oct. 30
Issues traded	1,929	1,935	1,962
Rises	1,506	483	435
Falls	241	1,129	1,293
Unchanged	182	323	234
New Highs	3	nil	7
New Lows	75	120	590

MONTREAL

	Nov. 1	Oct. 31	Oct. 30	Oct. 27	1978 High	1978 Low
Industrial	206.61	202.84	202.57	202.85	222.14 (11/10)	162.90 (16/2)
Combined	213.20	209.68	209.74	210.04	226.61 (12/10)	170.82 (30/1)
TORONTO Composite	1236.5	1215.8	1220.7	1223.9	1332.7 (12/10)	998.2 (30/1)
JOHANNESBURG Gold	243.3	260.2	264.5	260.2	272.0 (14/8)	186.0 (20/4)
JOHANNESBURG Industrial	281.8	280.7	278.8	276.3	281.8 (1/11)	194.9 (13/3)

	Nov. 1	Pre-vious	1978 High	1978 Low
Australia (*)	531.83	531.00	566.79 (22/9)	411.19 (1/3)
Belgium (‡)	(e)	96.68	101.16 (6/6)	90.43 (23/3)
Denmark (**)	29.12	28.41	96.56 (14/6)	88.08 (30/10)
France (‡‡)	(e)	76.0	83.0 (4/10)	47.6 (3/3)
Germany (††)	(u)	829.10	863.8 (19/10)	759.4 (17/3)
Holland (§§)	81.2	80.6	93.1 (11/9)	76.0 (4/4)
Hong Kong (¶¶)	677.61	673.11	707.70 (4/9)	383.4 (13/4)
Italy (‖‖)	(e)	73.44	82.22 (27/9)	56.45 (10/1)
Japan (a)	436.41	438.18	459.75 (30/10)	364.04 (4/10)
Singapore (b)	(e)	393.51	414.70 (8/9)	282.0 (9/1)

	Nov. 1	Pre-vious	1978 High	1978 Low
Spain (d)	(e)	96.68	110.71 (9/5)	87.83 (17/3)
Sweden (e)	363.87	359.40	408.00 (4/8)	325.74 (3/1)
Switzerld (f)	292.6	294.6	323.7 (14/2)	281.5 (28/9)

Indices and base dates (all base values 100 except NYSE All Common—50, Standards and Poors—10 and Toronto 1000—1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Pan-Amer. Airwys.	478,200	7½	+1
Ramada Inns	465,200	9⅛	+1
General Motors	459,400	62	+3⅛
RCA	457,000	27⅞	+3⅛
Bally Mfg.	449,400	40⅛	+4⅞
Boeing	422,500	64	+5⅛
UAL	385,500	33⅛	+3⅛
American Mtrs.	357,600	5⅛	+⅞
Polaroid	330,200	49⅞	+4⅛
Citicorp	323,900	25⅞	+1⅛

BASE LENDING RATES

A.B.N. Bank	10 %	■ Hambros Bank	10 %
Allied Irish Banks Ltd.	10 %	■ Hill Samuel	§10 %
American Express Bk.	10 %	C. Hoare & Co.	†10 %
Amro Bank	10 %	Julian S. Hodge	11 %
A P Bank Ltd.	10 %	Hongkong & Shanghai	10 %
Henry Ansbacher	10 %	Industrial Bk. of Scot.	10 %
Banco de Bilbao	10 %	Keyser Ullmann	10 %
Bank of Credit & Cmce.	10 %	Knowsley & Co. Ltd.	12 %
Bank of Cyprus	10 %	Lloyds Bank	10 %
Bank of N.S.W.	10 %	London Mercantile	10 %
Banque Belge Ltd.	10 %	Edward Manson & Co.	11½%
Banque du Rhone	10½%	Midland Bank	10 %
Barclays Bank	10 %	■ Samuel Montagu	10 %
Barnett Christie Ltd.	11 %	■ Morgan Grenfell	10 %
Bremar Holdings Ltd.	11 %	National Westminster	10 %
Brit. Bank of Mid. East	10 %	Norwich General Trust	10 %
■ Brown Shipley	10 %	P. S. Refson & Co.	10 %
Canada Perm't Trust	10 %	Rossminster	10 %
Capitol C & C Fin. Ltd.	10 %	Royal Bk. Canada Trust	10 %
Cayzer Ltd.	10 %	Schlesinger Limited	10 %
Cedar Holdings	10½%	E. S. Schwab	11½%
■ Charterhouse Japhet	10 %	Security Trust Co. Ltd.	11 %
Choulartons	10 %	Shenley Trust	11 %
C. E. Coates	10 %	Standard Chartered	10 %
Consolidated Credits	10 %	Trade Dev. Bank	10 %
Co-operative Bank	*10 %	Trustee Savings Bank	10 %
Corinthian Securities	10 %	Twentieth Century Bk.	11 %
Credit Lyonnais	10 %	United Bank of Kuwait	10 %
Duncan Lawrie	10 %	Whiteaway Laidlaw	10½%
The Cyprus Popular Bk.	10 %	Williams & Glyn's	10 %
Eagil Trust	10 %	Yorkshire Bank	10 %
English Transcont.	11 %		
First Nat. Fin. Corp.	12 %		
First Nat. Secs. Ltd.	12 %		
■ Antony Gibbs	10 %		
Greyhound Guaranty	10 %		
Grindlays Bank	‡10 %		
■ Guinness Mahon	10 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7½%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7½%, and over £25,000 7¾%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7½%.

THE JOBS COLUMN

The seven pillars of managerial politics

BY MICHAEL DIXON

"COMPANY POLITICS" are decisive to the success or even the survival of managers and specialists in working organisations. But the political conditions in which a job will have to be done are one of the hardest things for a candidate to persuade a potential employer to discuss frankly during an interview.

I know this from experience, having naïvely tried to raise the subject with a chief executive some years ago. "The rule in this company is that only one person indulges in politics," he replied. "And that person is me."

Reassured, I joined: but only for a short time, because within the first week it became plain that the chief's claim had been utterly untrue.

It took only a little longer to become apparent, too, that the deception was probably unintended. The man was almost certainly convinced that no other politicians were active in his organisation—which testifies to the skill of the many constantly operating there.

The question is whether my interviewer of the past would have been a more effective manager for having greater political awareness even at the expense of being less honest with job candidates. And I suspect that this question would be answered, on balance, with a "yes, he would" by Dr. Virginia Schein, of the United State Wharton Business School, who is by repute a leading student of the much neglected subject of organisational politics.

She has evidently concluded that no matter how rational a working concern's organisation chart, its managers can hardly be effective, especially in accomplishing change unless they recognise and take account of the manoeuvrings of colleagues to divert, if not to frustrate them. Dr. Schein said as much during a lecture in Harrogate the other day, sponsored jointly by the Institute of Personnel Management and the Independent Assessment and Research Centre, of London.

Gauntlet

If you are to carry your aims through the political gauntlet, the Wharton associate professor maintains, your prime need is an appropriate power base. Seven kinds are available, and which combination is best will vary with manager and circumstances.

Expertise — Whenever an organisation grows anxious about something, opportunity of political gain arises for the person or department who becomes seen as able to cope with it. Government intervention in employment practices, for example, has been exploited by astute personnel specialists to lift themselves to unprecedented heights.

But the power base of expertise can fairly easily be crumpled either by your own over-use of jargon, perhaps, or by somebody else persuading higher management that you are overworked and need the help of external consultants.

Assessed stature — Being just "known as a winner" conveys political strength, and can be achieved on joining a concern by organising suitably edited advance publicity in trade or other Press, for instance. Managers already in post can best gain *AS*, of course, by deftly publicising their successes.

The danger of assessed stature is that it fluctuates—"a journalist is as good as his last two pieces" is one of the truer folk sayings of Fleet Street. So means are needed of divining the strength of this particular power base, almost from day to day.

Credibility — This less volatile base can be strengthened by external manoeuvrings such as attaining prominence in professional bodies, local government and the like.

One problem here, I suppose, is how to assess the prestige of a particular external pursuit with your employing organisation. Another is to avoid becoming so keen on an outside activity as to be unable to drop it if its prestige slumps. (This may be guarded against by appropriate personalities in jobs suited to an eccentric reputation by concentrating on acquiring "dead" external distinctions, such as being the only Fellow of the Royal Society of Arts ever to be expelled for non-payment of subscription.)

Political access — Being sociable with fellow employees who have no direct bearing on your job can build up a highly efficacious bramble bush of acquaintanceships throughout the organisation. For one thing, the presence of an undercover friend in a neutral department could well swing its support crucially to your cause. For another, such informal agents vastly increase your power to find out what is really going on —which leads us to:

Just the facts

Control over information — Internal contacts, coupled with the type of external sources mentioned under "credibility," can provide continually updated information which few, if any of your colleagues possess. This can then be disseminated, withheld, or even distorted in line with political aims and/or conscience.

A difficulty which I see here is that much of the suppliers' side of the information market is made up of born conspirators to whom "news" has at least as much appeal as toffees have to greedy children, and their enthusiasm is infectious. So there is a constant danger for people on the demand side of the market of losing sight of the fact that it is not enough for information to be interesting. It must also be accurate — which is often a different thing altogether.

Group support—The strength of this sixth power base will depend on your ability, as a manager, to unite all those working in your immediate domain in unswerving pursuit of your aims. The number of manipulative techniques available for achieving group support is extremely large, but the only one cited by Dr. Schein was that of fostering the impression among the members of your department that the whole of the rest of the organisation is against it.

Once the desirable solidarity is attained, she added, the effectiveness of the group can be achieved by measures such as encouraging certain junior colleagues to develop at their particular level of the hierarchy, the kind of network of informal contacts mentioned under political access.

Mobility — Managers who promote an awareness among their seniors that they are eminently capable of moving to at least as good a job elsewhere, are of course walking a slender tightrope. But as long as the message is transmitted unobtrusively and, above all, is realistic, then potential mobility can be a great strength.

That completes the list of seven kinds of political power base put forward by Virginia Schein. She also described 10 main ways in which the bases can be used by managers in the struggle to achieve their objects against the diversionary and blocking tactics of individual colleagues and other departments. But my report on methods of use will have to wait until a second article on organisational politics, which I plan to publish in the Jobs Column next Tuesday.

Before ending for this week, however, I must point out that Dr. Schein was by no means advocating all-out politicking on the part of working managers and specialists. On the contrary, she acknowledges that it is often counter-productive. "Even so, surely no one could refute the fact that political activity is an important part of managerial work, and needs to be recognised as such. In her own words:

"To deny the reality of power politics, is also to deny the reality of how working organisations function."

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Candidates, up to mid-30's, with experience in one of the professions, or with a general business background, should combine personal flair and evident intellectual capacity.

Starting salary negotiable: excellent benefits of employment, and there are exceptional career prospects.

Please apply to:-

J. H. Gladwin, Personnel Director,
Hogg Robinson Group Ltd., Lloyds Chambers,
9-13 Crutched Friars, London EC3N 2JS

Airline Management Accountant
Kuwait
up to £12,000 tax free

Kuwait Airways Corporation wish to recruit an accountant with airline experience to improve the quality of management information and to assist senior management in making operating decisions. This is a new appointment.

Responsibility is to the head of the finance department and will include:-

- preparing the Corporations annual budget
- reporting operating results against budget
- developing and implementing budgetary control and management information systems

Applicants must have an accounting qualification and airline experience. Age 25 to 40.

Two year renewable contract. Salary tax free up to £12,000. Generous fringe benefits include free housing, six weeks home leave and a car allowance.

Please write in confidence for an application form to David Prosser, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY, quoting MCS/3724.

Price Waterhouse Associates

CONTRACTS MANAGER
N/W HANTS

Contracts Manager required to join a private company, employing 180 people, specialising in M.O.D. contracts. The following experience essential:

Agreement of contract terms to standard conditions.

Assessment of cost estimates for negotiation, price fixing and ensuring compliance with contract procedures.

Administration of specifications and production requirement associated with contract conditions.

Maintaining contract cost control in respect of Standard Conditions 43 and 53.

The importance we place on this position will be reflected in the salary offered, conditions of employment and re-location allowances

Apply:
The Managing Director,
WALLOP INDUSTRIES LTD.,
Middle Wallop,
Stockbridge,
Hants SO20 8DX.

Can you see a clear future?

Or is it clouded? Perhaps your career progress seems limited. Perhaps you don't earn as much as your enthusiasm and hard work deserve. Perhaps you're just ready for a change.

We are looking for mature responsible men and women to train as Advisers on retirement and pension planning. It's an enormous opportunity because most people misunderstand their pension schemes. Misunderstandings which spell disappointment for millions of people. Our advertising is beginning to point them out, and our training helps you to help our clients plan a better future.

It's a worthwhile and rewarding job as you'll find out when you apply. We combine excitement and rewards of personal selling with the satisfaction and respect that comes from offering a really valuable service.

So if you are between 35-55, academically or professionally qualified, ambitious with plenty of energy, your future is with us.

Act now; contact Terry Lewis,
Cannon Assurance Limited, 37 Petergate,
Bradford, Telephone Bradford 22634.

Cannon Assurance

Experienced Investment Research Analyst

Location New York. Internationally known U.S. Investment Banking and Institutional Brokerage Firm desires minimum three years' experience, in-depth institutional research work. Knowledge of Far Eastern (Japan, Hong Kong, Singapore) Securities essential. Excellent growth potential. Expect London interviews week of November 27th. Send resumes in complete confidence to Box F.1056, Financial Times, 10, Cannon Street, EC4P 4BY.

Property Loans Executive
Banking

UDT is a major British banking and financial services Group and our Property Finance Division services multi-million pound portfolios well spread over leading residential builders and developers.

We require an additional executive to assist in the negotiation of new business and in the control and management of existing loans.

Candidates will require skill in financial analysis, production of viability studies and detailed reports, and should have personal qualities necessary for direct dealing at a senior level. Ideally they will have some experience of the U.K. property market and of property development finance, and will have an appropriate professional qualification, preferably AIB.

A starting salary of circa £6,000 will be paid, and benefits will include non-contributory pension and life assurance and, after qualifying service, staff loan and mortgage subsidy schemes. A company car will be provided in due course if necessary.

Please write or telephone for an application form to: K. J. Ridge, Group Personnel Services, United Dominions Trust Limited, 51 Eastcheap, London EC3P 3BU. Tel: 01-623 3020.

United Dominions Trust Ltd

BUILDING MATERIALS ANALYST

KITCAT & AITKEN are looking for an enthusiastic analyst with relevant experience to become their Building Materials specialist.

Reply to:

John Goldschmidt
9, Bishopsgate, London EC2N 3AD
Tel: 01-588 6280

INVESTMENT ANALYST

We are offering attractive career prospects to an analyst who will support our successful and expanding fund management business. He/she will contribute ideas, reports and recommendations for use by the selling teams in the department. This opportunity to join an established team should appeal to an individual with research experience either in stockbroking, institutional fund management or in an accountancy practice. The salary and staff benefits offered will reflect the importance we attach to this key position.

Write or telephone
R B Blaxland Managing Partner
Quilter Hilton Goodison & Co
Garrard House 31/45 Gresham Street
London EC2V 7LH
Telephone 01-600 4177

Quilter Hilton Goodison & Co
Members of the Stock Exchange

مكتبات الأصل

Chief Accountant
Saudi Arabia

A rapidly expanding private construction and manufacturing company in Saudi Arabia requires a Chief Accountant. This newly created post offers exceptional opportunities for a keen and ambitious man to make an interesting and rewarding career in a highly profitable, well established business.

The company, a Construction and Building establishment, is located in the agricultural area of Saudi Arabia at Onayzah some 400 km north-west of Riyadh but its operations are already expanding throughout the area and are likely to cover Riyadh, Jeddah and the Eastern Region in the future.

It is likely that the selected candidate will be aged between 30 and 40. He will:

- be of Arab nationality, preferably Saudi Arabian.
- be fluent in Arabic and English.
- have suitable qualifications in Financial Management and Cost Accounting.
- have experience of accounting and cost control in the building and construction industry or in associated manufacturing companies.

High quality housing will be provided for the man and his family. A substantial tax free salary and other benefits will be offered subject to negotiation.

Please write in Arabic and English stating age, current salary and how you meet our Client's requirements, quoting reference CA/3971/FT on both envelope and letter. No information will be passed to our Client without permission.

Urwick, Orr & Partners Limited
Management and Selection Consultants
Baylis House Stoke Poges Lane Slough SL1 3PF

GROUP CHIEF ACCOUNTANT

CIRCA £11,000 PLUS CAR

United Transport Overseas Limited (a member of the BET Group) is a major international holding company, with over 70 subsidiaries operating in different activities in 20 countries throughout the world.

We are now recruiting a qualified accountant, probably between 30 and 40, to be responsible for the consolidation and reporting of Group accounting information at the Head Office in Central London. The long term prospects are excellent.

Experience of international consolidation is necessary. Candidates must have a sound understanding of accounting principles and an ability to appreciate rapidly the effects of changes in commercial and financial (e.g. currency) conditions. An interest in developing a knowledge of international tax is important.

We have retained Management Appointments Limited to assist us in the recruitment of this important appointment. Please send particulars in confidence to:
Peter Wilson F.C.A.
Management Appointments Limited
Albemarle House
1 Albemarle Street
London W1
Tel: 01-499 4879

UNITED TRANSPORT OVERSEAS LIMITED

Banking

Business Development c. £12,500
Major European bank seeks a marketing executive, 28 to 33, with a background in U.K. lending preferably supplemented by some knowledge of eurobonds and foreign exchange activities.

Manager–Accounts c. £8,500
Substantial experience in all aspects of international bank accounting is a prerequisite for this position as Head of the Accounts Department of a rapidly expanding consortium bank.

Credit Analysts £7,500 to £9,500
Two well-respected international banking groups seek thoroughly competent analysts to assume senior positions in their credit teams.

International Auditing £5,500 to £8,500
Leading U.S. bank offers an exceptionally attractive opportunity to experienced internal auditors and to ambitious young bankers with general operations experience who wish to develop a career in international audit.

Loan Control c. £8,500
A banker aged 27–32 with all-round credit analysis/loans documentation experience is required by a U.K. bank with world-wide activities to monitor a portfolio of eurocurrency loans.

Eurobond Settlements £5,000 to £7,000
Senior and junior eurobond administrators are required by a highly regarded international merchant bank. Eurobond experience is essential for one position, whilst the other may suit candidates aged 20 to 25 with a background in stock market or foreign exchange settlements.

Contact Tony Tucker or Tom Kollinsky in confidence on 01-248 3812.

NPA Recruitment Services Ltd
60 Cheapside London EC2 Telephone: 01-248 3812

UK Equities Analyst
Merchant Bank c £8,000

Our client is one of the larger operators in the Investment scene; managing Pension Funds, Unit Trusts, Charity and other Funds.

Because of the size and complexity of the funds involved the Fund Managers rely increasingly on the re-structured Research Department for short and long-term advice in terms of both sectors and stocks. They currently seek someone for the Chemicals, Pharmaceuticals and Textiles area.

The Bank pursues a policy of open management and encourages both initiative and active responsible investment. The person appointed will be expected to contribute to investment policy.

You will probably be in your late twenties and have at least two years' analytical experience. Whilst a degree in Economics or an Accounting or Actuarial qualification would be an advantage it is not essential. Similarly experience in the relevant sectors would be useful but not a pre-requisite.

Salary can be negotiated and will be supplemented by an attractive benefits package.

Please write in complete confidence to Colin Barry at Overton Shirley and Barry (Management Consultants), 17 Holywell Row, London EC2A 4JB. Tel. 01-247 8274.

Overton Shirley and Barry

Financial Director

Central London around £25,000 plus benefits

A UK quoted group with around £100m turnover, manufacturing consumer products here and overseas, seeks a successor for the retiring F.D. There is considerable scope for contribution to profitability, by improving controls and reporting *overseas, by participation in acquisition and* development programes and by improvements in operational and tax planning worldwide.

Candidates should ideally be qualified accountants aged 35-50. Prior financial control of a significant profit centre is essential, as is some exposure to the problems of high volume consumer product manufacturing and overseas subsidiaries. An appreciation of current treasury practice and tax principles is virtually essential.

For a fuller job description, write to John Courtis & Partners Ltd., Selection Consultants, 78 Wigmore Street, London W1H 9DQ, demonstrating your relevance briefly but explicitly and quoting reference FT/7024. This is an equal opportunity appointment. Replies will be treated in strict confidence.

JC&P

Young Business-Orientated Accountant
COMMERCIAL MANAGER
Swindon c. £8,500 + Car scheme

The subsidiary of a U.S. corporation, our client markets and installs a range of mechanised and automated materials handling systems and has ambitious plans for future growth.

Reporting to the Managing Director, the successful candidate will play a central role in the company's commercial development and particular responsibilities will include the management of the company's contracts and the development of financial and management reporting.

Candidates will be qualified accountants probably aged 28-30. Experience in a manufacturing environment is essential as is a desire to take up an appointment with substantial involvement outside the pure accounting area. A strong personal presence and a commitment to succeed will be necessary to identify with the company's approach.

For more detailed information and a personal history form, contact Nigel V. Smith, A.C.A., quoting reference 2250.

Commercial/Industrial Division

Douglas Llambias Associates Ltd.
Accountancy & Management Recruitment Consultants,
410, Strand, London WC2R 0NS. Tel: 01-836 9501
121 St. Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101
3, Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DLA

Entrepreneurial Professional

Are you a graduate executive in your thirties who feels that a corporate career is unlikely to be sufficiently satisfying? An executive directorship is available in a very reputable company, one of the leaders in its industry providing services at the highest level to major U.K. and international companies.

The industry provides continuous change and challenge; it is highly individualistic and demands great personal integrity, effort and persistence; it also requires breadth of industrial and commercial knowledge and the ability to make sound judgements about people.

Earnings well into five figures are attainable on a salary plus profit sharing basis and equity participation can be made available. The company has substantial international associations. A London or provincial city base is possible.

Please write, in confidence, quoting Ref. 625 and giving details of age, experience, qualifications, current earnings and contact telephone number to T. E. Linnell.

CB-Linnell Limited
8 Oxford Street, Nottingham
MANAGEMENT SELECTION CONSULTANTS
NOTTINGHAM - LONDON

Accountant
Financial Services
Age 30-40 c£10,000 + benefits

This is a senior appointment in the U.K. accounting function of a major life assurance company with a long and continuous record of growth.

The basic tasks are the preparation of the statutory and management accounts for the company and its unit trust and property operations, and the provision of the financial information required by senior management for their effective control and development. This will include responsibility for investment accounting.

The essential requirements are an accounting qualification (CA or ACCA) and a good post-qualifying financial and management accounting background incorporating experience in financial services. Life assurance knowledge is desirable. Proven supervisory ability would be helpful.

Benefits include substantial mortgage contribution. Location – Greater London.

Please write in strict confidence with full details, quoting ref 130/FT, to:

Philip Smith
Manpower Consultants
85-87 Jermyn Street, London SW1Y 6JD

Financial Analyst
West Essex up to £6,500

This is an opportunity to join a forward thinking Company to assist in the development and implementation of corporate business projects.

You will report to the Financial Planning Manager of the Company's European Operations and will work to achieve 'corporate cost reductions and improved profitability by the analysis of income statements and cash flows and the identification, investigation and introduction of improved controls and plans'.

This position requires close involvement with Executive Management, both in the UK and Europe, and calls for a degree of autonomy in handling important project work for the Organisation.

Candidates must have experience of industrial Audit, be graduates studying for an accountancy qualification or qualified. Ideally aged between 24-28 years.

Excellent fringe benefits.

Contact: Sarah Stride, PER, Cater House, High Street, Chelmsford, Essex. (0245) 60234. (24 hour answering service.)

Applications are welcome from both men and women.

PER
Professional & Executive Recruitment

Financial Analyst
Paris c.F.Fr.140,000

Our client is a major international health care corporation with its headquarters based in Paris controlling affiliate and subsidiary companies in Europe, the Middle East and Africa.

They now have a requirement for a Financial Analyst for an important and expanding part of their head office operations.

Candidates, aged between 26-32, should be qualified accountants supported by a degree or an MBA, who have gained relevant experience in a sophisticated accounting environment with a multi-national corporation.

The appointment has considerable potential and offers an excellent after tax salary and includes relocation expenses.

Please write or telephone, quoting ref 793, to S. W. J. Adamson FCA, Grosvenor Stewart Limited, Hamilton House, 15 Tilehouse Street, Hitchin, Herts. Tel: (0462) 55303,4 (24 hour answering).

GS

GROSVENOR STEWART
Executive Search and Selection

Money/Fixed Interest Assistant c£6,500

Our client is a major organisation in the investment management field whose expanding business requires an assistant to the manager of the money market and fixed interest portfolios.

You should be in your mid twenties with a degree and/or professional qualification and about two years experience of the money/gilt markets obtained with an institution or stockbroker. You should also have the potential to fill the Fixed Interest Manager's position at some stage in the future.

The salary is in the region of £6,500 depending on your experience and capabilities. Fringe benefits available are particularly attractive. Please write to Ivan Cann, Foster Turner & Benson, Chancery House, Chancery Lane, London WC2A 1QU, enclosing a detailed C.V., marking your letter FT 2/11 and listing any companies to whom you do not wish your application forwarded.

Foster Turner & Benson
Recruitment Advertising

COMPANY FINANCE

Minster Trust Limited

We are a long established issuing house (a subsidiary of a widely-held public company) specialising in providing finance and advice to companies in the small-to-medium size range. Our Company Finance department needs an energetic and enthusiastic new member who, after an initial period, will enjoy close contact with client companies and considerable scope for initiative. While specific background is not important these are the main requirements:

- Aged about 25-30 and in good health
- Educated to university standard, articulate and numerate
- Ideally with first-hand experience of industry or commerce
- Perhaps an accountant or lawyer or with experience in merchant banking or stockbroking.

If you fit this bill, please write to J. N. Fuller-Shapcott at the address below, marking your envelope 'private' and enclosing full *curriculum vitae* and salary progression. Salary will be competitive. A car and the usual additional benefits are provided.

Minster Trust Limited,
Minster House,
Arthur Street,
London, EC4R 9BH.

WANTED

STOCKBROKER

with many years' experience and a wide range of institutional and private clients seeks the opportunity to join a research-based broking firm with a view to broaden and mutually develop his business.

Write Box A.6528, Financial Times, 10, Cannon Street, EC4P 4BY.

Provincial Stockbrokers require experienced

GILT EDGED SALESMAN

Successful applicant will be responsibe for running a London operation to the highest professional standard.

The firm have strong institutional connections.

This is a great *opportunity for* an *ambitious young man/woman* with a thorough knowledge of the gilt edged market.

Write Box A.6530, Financial Times, 10, Cannon Street, EC4P 4BY.

ASSISTANT ACCOUNTANT
£5,000-£6,000

Expanding lively Chartered Accountants in the City offer excellent prospects for initiative and expertise. Preparation of final accounts. Fully conversant with PAYE and VAT.

please contact: Mrs. B. Lees
KEYRIGHT PERSONNEL CONSULTANTS
01-236 0642/3

We seek experienced

LOCAL AUTHORITY, STERLING INTERBANK & C.D. BROKERS also experienced F.X. DEALERS

for major City Money Broking firms
Contact: Arthur Siddall 623 1266
JONATHAN WREN BANKING APPOINTMENTS

Senior Accountant

Saudi Arabia **c.£20-25,000 tax free**

A large international group with a wide range of interests in the Middle East and Africa, already engaged on a number of large construction projects in Saudia Arabia, wish to appoint a senior accountant to take cost control of a major new multi-site building project.

The successful candidate will work and co-ordinate with accountants based at each site and will make use of a comprehensive computer system. His work will have included at least five years in the building or contracting industry, preferably with involvement in overseas operations, ideally in the Middle East. He will be a qualified accountant with considerable project management and EDP experience. Preferred age 30-45.

The appointment will be a three year contract, based in Riyadh with frequent travelling within the Kingdom of Saudi Arabia. In addition to the salary a substantial benefits package covering home travel, housing, transport etc. will be offered.

Please write in complete confidence to David C. Thompson, who is advising on this appointment.

Odgers MANAGEMENT CONSULTANTS
Odgers and Co Ltd, Our Old Bond St, London W1X 3TD 01-499 8811

Investment Account Administrators Bermuda

An unusual opportunity to work on the sunshine island of Bermuda

The Bank of Bermuda requires two additional Investment Account Administrators.

Following a period of orientation and training the candidates will be responsible for the administration of individual trust, agency or discretionary investment accounts managed by the Bank's Investment Department.

Persons qualified for these positions will generally possess a university degree or trust banking qualifications and will have at least five years practical experience in the international investment field, particularly in North American, European and Eurodollar markets, and preferably with a stockbroker or merchant banker. Ability to communicate both verbally and in written form is essential. The tax-free salary would be commensurate with experience and background and generous staff benefits are offered for these positions.

Interviews will be held in London November 20th and 21st. Qualified persons interested in these appointments should send a resume together with their application to the Bank of Bermuda's London Representative:-

B of B (Europe) Ltd.,
Grocer's Hall, Princes Street,
London, EC2R 8AQ

THE BANK OF BERMUDA LIMITED

Chief Accountant

to £9,000 **North West London**

We are seeking a sound commercial Accountant to assume control of the accounting function of an important client. The company, engaged in placing permanent and temporary staff, has a first class growth record, a £1 million turnover, substantial backing and a young management team.

As Chief Accountant, you will report to the Managing Director and take responsibility for management and financial reporting, mechanised accounting, credit control and a sophisticated time reporting and wages system. The pace of operations, in the centre and at branch level, requires commercial judgement and skill in managing people under pressure.

Candidates, qualified Accountants in their late 20's, should have experience of working for service industries and be familiar with management accounting, financial control and payroll systems. Ideal qualities include the ability to motivate staff, and to contribute to a central management team.

The position will appeal to professional and career minded men or women. The aggressive expansion programme reflects excellent career prospects.

Applicants should send details of experience, qualifications and salary to M Campbell, quoting reference 144/51.

Mann Judd Consultants
55 New Oxford Street,
London WC1A 1BX

TWO SUB-EDITORS

required by major international financial publishing company for weekly international business magazine edited in London, published in the United States and in the process of rapid expansion. Knowledge of U.S. business readers and United States experience, or background, essential.

This is a unique opportunity to join a new, already successful, venture. Apply only if you have:

(a) a track record of at least three years' sub-editing and page layout

(b) experience on a business magazine

(c) ability to comprehend serious economic and financial copy

(d) demonstrable flair for attractive headline-writing and sharp, accurate editing

Apply in confidence to: BOX A.6531, FINANCIAL TIMES
10 CANNON STREET, E4P 4BY

A WELL-ESTABLISHED, GROWING ORGANISATION SEEKS A

REGIONAL MANAGER

MANAGING DIRECTOR LEVEL

who will report directly to the group president and have responsibility for all operating decisions and growth.

As the successful candidate, you are self reliant, highly communicative, possessing the courage of your convictions and an easy, persuasive manner. Your resume clearly details an impressive record of your achievements.

As the prime decision maker in the U.K. and this continent, you will assume immediate control of a successful operation and will lead it to greater growth through your strengths in profit and problem analysis, marketing expertise, management development, and business expansion.

If you have had substantial senior management experience within a profit-minded organisation, are strongly marketing oriented and respond enthusiastically to autonomy and challenge, forward your resume in confidence to us as soon as possible to Box A6827, Financial Times, 10 Cannon Street, EC4P 4BY.

Salary will be negotiated on previous experience and your specific performance record. Future promotions to levels of international responsibility will be based on your results.

Financial Controller

Cheshire ***£10-12,000***

Four manufacturing companies in a public group supplying processed materials to a variety of industries, have recently been formed into a separate division to achieve greater coordination and a financial controller is required at divisional head office.

Reporting to the divisional managing director, the person appointed will be responsible primarily for introducing improved management information, unifying accounting systems and controls and contributing to the overall management of the division.

Suitable candidates, male or female, and probably 35-40, must have a recognised accounting qualification and senior management experience in the finance function of a manufacturing or commercial organisation, ideally at group level. Experience of computerisation would be an advantage and a willingness to travel together with a strongly commercial outlook are sought.

For an application form, write in confidence showing how you meet the specification and quoting reference 3735/L to M. J. H. Coney,

Peat, Marwick, Mitchell & Co.,
Management Consultants,
Executive Selection Division,
165 Queen Victoria Street,
London, EC4V 3PD

DOCUMENTARY CREDITS DEPT. MAJOR INTERNATIONAL BANK

THE VACANCY
is for a Clerk fully experienced in advising and issuing Documentary Letters of Credit.

THE SUCCESSFUL CANDIDATE
is likely to be in his/her late twenties or early thirties and have at least 5-10 years specific in-depth experience of this work in a major bank. Older candidates with commensurately more experience will be considered.

THE BANK & THE REWARDS:
The Bank is well established in London and enjoys an excellent reputation in the employment market for both job security and conditions of employment. A competitive basic salary will be offered plus profit sharing: free lunches, non-contributory pensions, life assurance, widows and orphans benefits, mortgages and personal loans at reduced rates of interest and interest-free season ticket loans.

INTERESTED APPLICANTS
should send a detailed curriculum vitae, including full details of their age, education, experience and current remuneration, to:

Box No. RD.4897 c/o Extel Recruitment,
Pemberton House, East Harding Street, London, E.C.4.

All replies will be treated in the strictest confidence and the names of any banks to whom the applications should not be forwarded should be clearly printed on the back of the envelope. The Client Company will write to all applicants whom they wish to short-list within 7 days of receiving the application.

FINANCE DIRECTOR

A British-managed Construction and Development Group established in the Middle East wishes to create a financial centre in London to oversee its total operation and to spearhead a new venture in the U.K.

The Finance Director will have overall responsibility for the accounting, secretarial function and general administration of the Group, both overseas and in the U.K., and will devote a considerable amount of time to the financing of new projects. Frequent visits to the Middle East will be required.

Applicants should be qualified Accountants with experience in the field of Property and/or Banking.

A salary well in to five figures is envisaged plus benefits commensurate with the position.

Apply in the first instance to:

Chairman's Office,
ARUNBRIDGE LIMITED,
23, Fountain House, Park Street,
London W1Y 3WB.

THE UNIVERSITY OF PAPUA NEW GUINEA (PORT MORESBY)

Applications are invited for the posts of SENIOR LECTURER/LECTURER IN COMMERCE. The Department of Economics has two vacancies for staff in Commerce. The appointees will be engaged in the teaching of Accounting and Management in Degree and Diploma programmes in Commerce and Economics. The full range of Accounting subjects is taught, but applicants with a specialised knowledge of Taxation, Auditing and Business Management would be preferred. Candidates should have previous university teaching experience and a relevant higher degree. Previous employment in a developing country would be an advantage. Enquiries may be made to the Chairman of the Department for further information. Salary scales: Senior Lecturer K14,429-16,176 p.a.; Lecturer K9,048-14,218 p.a. (£1 sterling = K1.35). In addition, an allowance of K1,300 p.a. if single is payable. An extra K1,000 Marriage Allowance and K156 per child Child Allowance may also be payable. Conditions include provision of housing and annual leave fares. Detailed applications (2 copies) with curriculum vitae, three referees and small photograph to be sent direct to Secretary, Box 4820, University PO, Papua New Guinea by 22 December 1978. Applicants resident in the UK should also send one copy to Inter-University Council 90-91 Tottenham Court Road, London W1P 0DT. Further particulars may be obtained from either address.

Finance Director

Kenya **around £17,000**

The commercial vehicle assembly associate of an international manufacturing group seeks an FD, to be responsible to the local board for all financial matters, with a brief to improve local forecasting and control, management development and management disciplines. Usual educational and accommodation benefits and company car.

Candidates must be qualified accountants, preferably chartered, with prior experience in motor vehicle distribution or manufacture. Age is not material. Prospects of a general management appointment after the two-year tour are good.

For a fuller job description, write to John Courtis & Partners Ltd., Selection Consultants, 78 Wigmore Street, London W1H 9DQ, demonstrating your relevance briefly but explicitly and quoting reference 7026/FT.

JC&P.

LIBRA BANK LIMITED

SENIOR LENDING OFFICER

An established international merchant bank specialising in Latin America and the Caribbean is seeking to recruit an experienced entrepreneurial banker to join their small performance-orientated business origination team.

Successful candidates will be responsible for generating, negotiating and structuring lending transactions to corporate and sovereign borrowers and quality financial institutions based in Latin America.

The position is ideally suited to an individual, probably in their early thirties, with a Merchant/Investment Banking background with corporate financial analysis skills. The person will have had direct experience of Latin American lending and marketing and possess the appropriate linguistic abilities.

The five-figure salary will be dependent upon level of experience and the benefits package includes non-contributory pension fund, subsidised house purchase scheme and free life and medical insurance.

Please apply, initially and in the strictest confidence to:

The Personnel Department,
LIBRA BANK LIMITED,
140 London Wall,
London EC2Y 5DN.
Tel: 01-600 1700.

OVERSEAS VACANCIES in many fields. *Details from Careers Overseas (AC), 30, St. Mary's Rd., London, S.E.25.*

Executive Search Consultant

London

The Company is international with an established foothold in Europe.

This opportunity will suit someone who can develop business at a senior level, and who wishes to expand with a young effective team.

In the first instance, please write with career details to Ken G. Hersey, Director, Recruitment Consultants, Bastable Personnel Services, 18 Dering Street, London W1.

(All replies will be treated in the strictest confidence).

Bastable Personnel Services

EUROBOND DEALER

10 years experience in Eurobond market in the U.K. or Overseas.
Must be fluent in 3 or 4 European languages.
The usual banking fringe benefits are available as are expected of a major investment bank.
Please write with full career details, quoting ref: FT/181, listing any companies to whom you do not wish your application forwarded, to Peter Phillips, Riley Advertising Ltd. (Confidential Reply Service), Old Court House, Old Court Place, Kensington, London W8 4PD. Applications close 10th November.

PR ACCOUNT EXECUTIVE

Interesting immediate opportunity for young executive with corporate and financial PR experience. Graduate or equivalent, aged 26-30 preferred. In addition to fluent English, another European language desirable but not essential. Salary £5,000-£7,500, according to experience, rising with responsibility.

Established 1954, we are part of world's largest PR consultancy group with 72 offices in 40 countries.

Written applications with c.v. to:

Prince Yuri Galitzine, FIPR, APRSA,
Galitzine and Partners Ltd.,
7 Eccleston Street, London SW1W 9LX
01-730 8153

SENIOR EXECUTIVES

If you are in the job market now – we are here to help. Coutts Careers provide:–

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Trafalgar Square,
London WC2.

PERSONAL

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Telex: 975353 Hampres
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MEMORIAL SERVICE

CAMPBELL, David, member of the Stock Exchange. Late of Scotlands Farm, Warfield. Memorial service to be held Warfield Parish Church, 2.30 p.m., 25th November, 1978.

ART GALLERIES

AGNEW GALLERY, 43, Old Bond St., W.1. 01-629 6176. FRAGONARD DRAWINGS for Orlando Furioso. Until 15 December. Mon.-Fri. 9.30-5.30. Thurs. until 7.

BROWSE & DARBY, 19, Cork St., W.1. ANTHONY EYTON. Recent Paintings and Drawings.

CRANE KALMAN GALLERIES, 178, Brompton Road, S.W.3. Outstanding British works of art, Barbara Hepworth, L. S. Lowry, Henry Moore, Ben Nicholson, Graham Sutherland, William Scott, Matthew Smith etc. ALSO works by European and American artists. Mon.-Fri. 10-6. Sat. 10-4. 01-584 7566. CRANE ARTS, 321, King's Road, S.W.3. 01-352 5857. Native Art from 18th-20th cent. Also young artists of unusual vision and talent.

DAVID POOLE shows the Official Portrait to commemorate the Silver Jubilee Luncheon at Guildhall together with associated studies. THE BRADSHAW ROOM, 17, Carlton House Terrace, S.W.1. Mon.-Fri. 10-5. Until Nov. 10.

FINE ART SOCIETY, 145, New Bond St., W.1. 01-629 5116. MAXWELL ARMFIELD.

FURNEAUX GALLERY of Wimbledon presents an exhibition of new paintings by PETER NEWCOMBE from Oct. 24 to Nov. 10 at the Alpine Gallery, 74, S. Audley Street, London, W.1. 10.30 to 5 daily (except Sats. & Suns.). Late opening to 8 pm each Tues. Tel: 629 2280.

J.P.L. FINE ARTS, 24, Davies Street, W.1. 01-493 2630. RAOUL DUFY drawings, watercolours 1900-1939. Oct. 10-Dec. 8. Mon.-Fri. 10-6.

LUMLEY CAZALET, 24, Davies St., W.1. 01-499 5058. ROBERT BATES—Recent Watercolours. Until Nov. 10.

RICHARD GREEN AND FRANK T. SABIN, 4, New Bond Street, W.1. 01-499 5487. ANNUAL EXHIBITION OF OLD ENGLISH SPORTING PRINTS. Daily 10.00-6.00. Sats. 10.00-12.30.

RICHARD GREEN GALLERY, 44, Dover Street, W.1. 01-491 3277. ANNUAL EXHIBITION OF SPORTING PAINTINGS. Daily 10.00-6.00. Sats. 10.00-12.30.

RICHMOND GALLERY, 8, Cork St., London, W.1. 01-437 0264. Sculpture by LESLIE SUMMERS (Retrospective Exhibition) until 18th Nov.

SUSAN SWALE'S SALOME. Fieldbourne Galleries, 63, Queen's Grove, N.W.8. 586 3600.

THE MARKET PLACE GALLERY, Colyton, Devon. Tel (0297) 52841. "Watercolours by CHARLES KNIGHT." 28th October until 24th November. Open 11 to 1 and 2.30 to 5. Monday to Saturday. Closed Wednesday afternoons.

CLUBS

EVE, 159, Regent Street 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69, Dean Street, London W.1. NEW STRIPTEASE FLOORSHOW "AS YOU LIKE IT" 11-3.30 am. Show at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

LEGAL NOTICES

No. 003412 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of S. & H. BRICKMAN LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 25th day of October 1978, presented to the said Court by M. BRISK & CO. (MANCHESTER) LIMITED whose registered office is situate at 111, Portland Street, Manchester M1 6FA, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 27th day of November 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

HERBERT OPPENHEIMER, NATHAN & VANDYK,
20, Copthall Avenue,
London EC2R 7JH.
Ref: TI/SRD.04584.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 24th day of November, 1978.

COMPANY NOTICES

ALLIED IRISH BANKS LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the Company will be closed from 20th to 24th November, 1978, both dates inclusive, for the purpose of preparing warrants for an Interim Dividend on account of the year ending 31st March, 1979.

By Order of the Board.
D. E. MOTYER, Secretary.
3/4, Foster Place,
Dublin 2.
2nd November, 1978.

NOTICE TO HOLDERS OF 5 PER CENT SUBORDINATED GUARANTEED SINKING FUND DEBENTURES DUE 1988 OF KAISER ALUMINIUM & CHEMICAL INTERNATIONAL COMPANY

Kaiser Aluminium & Chemical Corporation has declared a two-for-one stock split in the form of a 100 per cent stock dividend payable to holders of common stock of record on November 10, 1978. This distribution will take place on November 30, 1978.

Cocoa crop shortage forecast

By Our Commodities Staff

A SMALL shortfall in world cocoa production was forecast for next year in a report published by a London commodity broking firm yesterday.

Inter Commodities put the 1978/79 world crop at 1,356,000 tonnes, 115,000 tonnes lower than in the 1977/78 season. Consumption in 1978/79 is expected to rise to about 1,380,000 tonnes. After allowing for a 1 per cent loss of weight in processing this indicates a deficit of 38,000 tonnes.

The report attributed the lower production forecast chiefly to "cold overcast conditions" in West Africa and Brazil over the last few months. Other factors reducing output were "disease problems and some underlying deterioration trends in Ghana and Nigeria," it added.

Inter Commodities warned, however, that it was impossible to make definitive crop predictions at this stage.

The recent fall in consumption obscured "a strong underlying growth trend in chocolate products," the report said. "Given reasonable prices, cocoa consumption will tend to improve."

The company felt that at cocoa prices of £1,900-£2,000 a tonne consumption "will be at least maintained," and suggested that the historic 2-3 per cent growth rate could be resumed. This would take consumption up to 1,380,000 tonnes, from an estimated 1,353,000 tonnes in 1977/78.

Currency confusion hits commodity markets

BY JOHN EDWARDS, COMMODITIES EDITOR

THE SUDDEN fall in the value of sterling against the dollar yesterday threw the London commodity markets into a state of confusion. The immediate response was for a general rise in prices, although this varied according to the individual commodities and in many cases the gains were eroded in later trading. Arbitrage trading between the London and U.S. markets came to a virtual halt at one stage as prices moved in opposite directions.

Particularly affected were the metal markets. Despite the collapse in the gold market, the sterling price of free market platinum moved to a new peak of £187.90 an ounce, up £3.50, although the dollar quotation fell by $11.50 to $373. Silver prices in sterling terms were virtually unchanged but in New York the market was the permissible limit shown of 20 cents in early trading.

There was a mixed reaction on the base metal markets. Traders, attending various receptions during the LME dinner week, rushed back to their offices when news of the U.S. measures to strengthen the dollar and increase gold sales were announced.

But after the initial reaction, normal market influences started to reassert themselves. In copper for example, the presence of a big seller limited the price rise and sharp fluctuations in the New York market were largely ignored. Cash wirebars eventually closed £10.5 up £750.5 a tonne.

Tin rose strongly. Although easing in late trading, the standard grade cash price closed £195 up at a record £7,990 a tonne. The Straits tin price in Penang overnight had already reached a new peak of $M2,065 a picul.

Cash lead was boosted by fears of a further tightening in supplies immediately available to the market. It rose by £11 to £426.5 a tonne, while the three months quotation was only £6.5 higher at £410.5. There was only a modest rise of £2 in the cash zinc price at £353.5 a tonne.

'Smear campaign'

There was a similar mixture in the "soft" commodity markets. There was a general rise in prices in active conditions, but a tendency for early gains to be lost in later trading. Nevertheless coffee, rubber and sugar prices all ended the day higher.

Meanwhile the Zambian Minister of Mines, the Hon. J. C. Mapoma, yesterday attacked the "malicious smear campaign" in the Press about the terms of their copper supply contracts next year. Nevertheless he confirmed that Zambia was intending to charge a premium for their copper, both cathodes and wirebars, over the London Metal Exchange wirebars quotation.

He claimed that some of the brands sold at LME prices did not reflect the quality of Zambian copper, and consumers should be prepared to pay more to be assured of availability of top quality brands.

But he described the premiums as "very modest" and said they would continue to give the back-pricing concession to consumers. This made their contract terms very competitive with other producers.

The Minister said there has been a number of requests for more copper than Zambia had been able to offer for sale in 1979. Four or five years of low prices had taken their toll on his country's capacity to produce and maintain development. Lack of spares for the maintenance of mining, smelting and transport equipment, due to a shortage of foreign exchange earnings, had added to the difficulties.

Support

He said there was growing evidence that some of their customers had not strictly adhered to the spirit of contractual arrangements. At one time there was over 100,000 tonnes of Zambian copper in the LME warehouses, and they had not put it there.

Certain customers had turned over shipments to merchants while others had over-bought in order to sell on the side copper in excess of their needs. But, he warned, that the Zambian sales organisation, Memaco, could use the same tactics if necessary.

The Minister paid tribute to the financial support provided by the Japanese companies, Mitsui and Mitsubishi, at a time when other countries were cutting off credit lines.

● It was announced in Lusaka that President Kenneth Kaunda, of Zambia, Agostinho Neto, of Angola, and Mobutu Sese Seko, of Zaire, plan to meet on November 18 in Kitwe, Zambia, for economic co-operation talks expected to centre on the re-opening of the Benguela Railway. This line, running from Angola's Atlantic port of Lobito into Zaire with a connecting link to Zambia, was closed in August, 1975, by the Angolan civil war.

It is expected to be declared technically reopened later this week following repairs to a bridge on the Zaire-Angola border.

Agriculture policy paper out shortly

By Our Commodities Staff

THE REVIEW of UK agricultural policy, planned to update the White Paper "Food from our own Resources" published in 1975, will be coming out shortly, it is understood.

Ministers are now discussing the conclusions of the review, which Mr. John Silkin, Minister of Agriculture, commissioned to provide an appraisal of the medium-term prospects for the industry and the scope for expansion of food production in the UK. The Review has involved extensive consultations not only with farming interests, but also with processors and distributors, as well as environmental and other interests.

Mr. Silkin has already stated that it is hoped to publish the Review before the end of the year, but a strike at the Stationery Office makes the publication date somewhat uncertain.

In the Queen's Speech yesterday, the Government pledged that it would continue to press for improvements in the Common Agricultural Policy and to promote expansion of food production in the UK.

It also promised to seek an acceptable Common Fisheries Policy within the EEC. However, fishing industry representatives have been assured that while the Government is committed to reaching an agreement, it has not withdrawn its basic demands to ensure that the UK gets its rightful share of Community fish resources.

Soviet whaling fleet curbed

By Our Commodities Staff

THE SOVIET UNION announced this week that it was reducing its whaling operations "to help conservation efforts to protect the endangered mammals."

Tass, the Soviet news agency said "only two whaling flotillas have set sail for Antarctic waters." Last year the Russians operated four flotillas—which comprise a factory ship plus catchers and service vessels—two of them in the Antarctic. It would appear, therefore, that whaling operations are now to be restricted to the Antarctic.

The news agency said this year the whalers would be hunting in zones "strictly defined by the International Whaling Commission (IWC)." The Friends of the Earth conservationist organisation commented that since restricted catching areas have been laid down by the IWC for years, the announcement tended to suggest that the Russians have so far ignored the restrictions.

ICELANDIC FISHING

Same old problems despite cod victory

BY WILLIAM DULLFORCE, NORDIC CORRESPONDENT

FULL CONTROL of their fishing grounds and the expulsion of foreign trawlers, for which they fought three "cod wars," have not given Icelanders any dramatic increase in wealth. The fishing of the last two years has confirmed their argument that the cod stock was being depleted. However, the value of total fish exports has grown to $375m a year and the Icelanders have been able to make a start on diversifying their markets: landings in Britain, for instance, are expected to double this year.

The fishing industry is not free of problems, but they are of the Icelanders' own making or capable of being rectified by them. The fishing fleet is too big for the catch taken at present.

A bitter quarrel has erupted between the fishermen in the south-east and those fishing off the north-west fiords. The southerners claim that the northerners are taking too many young cod and destroying the spawning stock, while the northerners retort that it is the over-fishing of the spawning stock by the southerners which is threatening the survival of the cod.

Runaway inflation and soaring domestic costs have forced the freezing plants to operate at a loss. Even after the 15 per cent devaluation of the krona on September 1, the freezing plants corporation claims, the average loss is 3 per cent of turnover. The fishing fleet has been making money, but the devaluation has forced up the cost of running the boats, and owners are looking for higher fish prices.

The cod catch last year was just under 330,000 tonnes, a fall of about 18,000 tonnes from 1976 but still considerably larger than the 265,000-tonne limit advocated by the scientists. This year they proposed an allowable catch of 280,000 tonnes. The actual catch is expected to be about the same as last year's despite the record catches taken in July and August, when the freezing plants were unable to cope and part of the fish had to be salted. Most boats are now observing a four-week ban on fishing which must be completed before the middle of November.

The cod fishing has not come up to the expectations that the Icelanders entertained five years ago, when talk of extending the limit to 200 miles started. Then over 700,000 tonnes of demersal species were being taken in Icelandic waters. One reason may be the decline of the Greenland cod stock, which contributed between a quarter and a third of the cod available within the 200-mile limit.

The general feeling is that the cod stock is not in immediate danger, a situation which would be reached if the spawning stock fell below 150,000 tonnes. The Government has restricted fishing in the spawning areas for some years now. On the other hand, if fishing were limited to the 280,000 tonnes a year recommended by the scientists, there would no doubt be a rapid rehabilitation of the stock. The current rate of fishing, around 330,000 tonnes, means that the recovery will be slower.

Inevitably some fishermen will suffer because the capacity of the present Icelandic fleet is considerably larger.

During this decade some 70 stern trawlers have been added without much reduction in the size of the existing fleet. The fleet currently consists of: 16 big trawlers of over 500 tons; 63 trawlers under 500 tons; 300-350 multi-purpose boats up to 200 tons; 60-70 purse-seiners engaged in the capelin fishing; about 300 inshore boats in the 10-50-ton category.

For three years from 1974 to 1976 the trawler fleet operated at a loss. The big trawlers are still not making money, partly because of the manning conditions imposed by the fishermen's union and partly because they are less efficient than the small trawlers. These moved into profit in 1977 and have continued to take good catches this year.

Dried fruit price warning

BY RICHARD MOONEY

BRITISH HOUSEWIVES could be paying 30 per cent more for dried fruit by Christmas, importers have warned.

Following a crop disaster in California import prices into the UK for sultanas and raisins have leapt by £250 to £850 a tonne. And currant prices, although not affected by the disaster, have risen in sympathy.

Mr. Bernard Holland, chairman of the National Dried Fruit Trade Association, said yesterday he believed stocks purchased at the old prices should be adequate to keep retail costs at the current level of 39p a lb until after Christmas. But in the new year prices are expected to rise to around 50p a lb.

If the news prompts panic buying, however, prices could top 50p a lb before Christmas, he warned.

Whitworth's Holdings, Britain's leading dried fruit packer, confirmed that retail prices for its products would have to rise to 46p a lb for currants, 52-54p a lb for sultanas and raisins and 49p a lb for mixed fruit. No decline in prices is anticipated until the new season southern hemisphere crops come in from Australia and South Africa next spring, the company added.

Until late August the world crop of sultanas and raisins was forecast at 512,000 tonnes with California providing about 220,000 tonnes. But then heavy rainstorms there ruined much of the crop. Californian output is now put at 50,000-70,000 tonnes and the world crop at not much above 350,000 tonnes.

Mr. Holland said Californian farmers suffered a similar climatic setback two years ago. But the situation is worse this year and stocks held in importing countries are much lower.

With the U.S., normally the world's biggest exporter, now actively seeking imports of dried fruits competition on the international market has become fierce. Australia and South Africa have already sold out so this demand has been concentrated on Turkey, Greece, Iran and Afghanistan, forcing prices higher.

Currant supplies are normal but Greece, which has a complete monopoly of the world export trade, has taken advantage of the situation by raising prices £150 to £750 a tonne.

According to an article in Food News magazine Greece could soon also be the only source for sultana supplies. Turkey has sold all but 30,000 tonnes of its estimated 70,000 tonne crop and Iran is reported to have only 20,000 tonnes left. Greece, on the other hand, is believed to have 2,000 tonnes of old crop currants to sell before a start is made on the new crop.

VEGETABLE OIL BID BY EGYPT

WASHINGTON, Nov. 1.

Egypt is scheduled to tender on November 15 for 20,000 tonnes of cottonseed or sunflower oil for January, February and March shipment, exporters reported today.

Reuter

Urban sprawl a threat to fertile soil

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

URBAN SPRAWL, and consequent loss of farm land, worldwide, could make food prices rise to heights far above those experienced up to now, according to a report just issued by the World Watch Institute in Washington.

Mr. Lester Brown, the Institute's president, said not only did the diversion of land from cropping reduce food supplies but the necessity for more intensive farming put increasing pressure on soils which were vulnerable both to erosion and degradation and ultimate abandonment.

Governments, he claims, are paying insufficient attention to these problems and few monitor the actual loss of land or the detrimental effects of over intensive farming. In the U.S. annual cropland losses exceed 1m acres which is nearly double that added by other means, such as reclamation.

In the world overall, he estimates, that some 25m hectares will be lost to urbanisation by the end of the century—an area at present supporting 85m people. If this trend continues civilisation itself could be at risk, Mr. Brown suggests.

While agreeing that almost all Mr. Brown's figures for land loss are correct he is in fact saying no more than Dr. Malthus was saying a couple of centuries ago. Since his days, the world's population has multiplied several times and the amount of actual starvation at present suffered is probably far less proportionately than in the days of Malthus.

Mr. Brown discounts the ability of farmers everywhere to increase production to match existing demand. Most of the ancient world's farming in Europe and the Middle East has depended on a few inches of top-soil, yet crop and animal yields are rising steadily under the inducement of reasonable prices.

There is also no doubt that the area of soils with the potential for food production at present unexploited in the world probably more than equals land already cultivated.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Higher on the London Metal Exchange despite an early fall when hedge selling depressed forward metal from £770 to £766.5. When the dollar strengthened the price began to advance, but one big seller held the market back to £771. Arbitrage dealing was at a virtual standstill because of the wide currency differentials. London tended to ignore sharp movements on Comex, which started limit down but quickly rose 1.5 cents. The close on the Kerb was £771. Turnover 18,650 tonnes.

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £765, 7, 8, 7.5, 7, 6.5, 5.5. Cathodes: cash £732, 2.5, three months £752.5. Kerbs: Wirebars three months £768, 6.5, 7, 7.5. Afternoon: wirebars cash £748, three months £772, 70, 71, 70, 70.5, 71, 72, 71, 70.5, 71. Kerb: wirebars, three months £770, 70.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	744.5-5.5	+2.25	750-1	+10.5
3 months	765-.5	+1.5	770.5-1	+10
Settl'm't	745.5	+2.5	—	......
Cathodes				
Cash	732-.5	+1.5	738-40	+11
3 months	752.5-3	+1	758-60	+10.5
Settl'm't	732.5	+1.5	—	......
U.S. Smt.	[illegible]	......	*72	......

TIN—Strong but highest levels were not maintained. The East was steady overnight and forward metal advanced to £7,760 on buying with sellers reluctant and stop-loss purchases. When the dollar strengthened the price advanced more rapidly and touched £7,870 in afternoon pre-market dealings. But, in active trading, the price fell back to £7,740 before steadying to close on the Kerb at £7,765. Turnover 980 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7965-85	+105	7995-8015	+200
3 months	7770-90	+117	7800-20	+187
Settlem't	7985	+110	—	......
Standard				
Cash	7950-75	+90	7980-8000	+185
3 months	7750-60	+117	7780-5	+165
Settlem't	7975	+110	—	......
Straits E.	$M2065	+5	—	......
New York	—	......	*747.50	−10½

Morning: standard, three months £7,680, 90, £7,710, 30, 40, 45, 50. Kerb: standard, three months £7,760. Afternoon: standard, three months £7,800, £7,790, £7,860, £7,805, £7,800, £7,770, £7,780, £7,785. Kerb: standard, three months £7,785, 70, 60, 50, 40, 60, 65.

LEAD—Stronger in the face of renewed trade interest, the tightness of nearby metal and the widening of the backwardation. Forward metal rose from £404 to £411-£412 before currency movements had a major effect on the market. Thereafter the price held at £413-£414 but later drifted down to close on the Kerb at £410. Turnover 11,325 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	409.5	+8.5	426-7	+11
3 months	409.5-10	+3	410-.5	+6.5
Sett'ment	429.5	+8.5	—	......
U.S. Spot	[illegible]	......	[illegible]	......

ZINC—Steady on balance with the market following lead. [illegible] Turnover 3,950 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	357-8	+2.5	353-4	+2
3 months	368-9	+2.5	364-.5	+2
Sett'ment	358	+2.5	—	......
Prim.west	—	......	*33.5-4.5	......

ALUMINIUM—Gained ground after the dollar strengthened but considerable buying interest was not by heavy selling. [illegible] Turnover 3,300 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	[illegible]	[illegible]	[illegible]	[illegible]
3 months	601-2	+3	605.5-6	+7

Morning: three months £601, 2. Afternoon: three months £601, 3, 2, 4, 5, 4, 4.5, 4, 5, 6.

*Cents per pound. ‡$M per picul. †On previous unofficial close.

SILVER

Silver was fixed 8.55p an ounce higher for spot delivery in the London bullion market at 299.4p. U.S. cent equivalents of the fixing levels were: spot 618.4c, down 13.5c; three-month 626.5c, down 13.6c; six-month 641.6c, down 14.7c; and 12-month 669.5c, down 15.4c. The metal opened at 302-302p (619-621c) and closed at 300-302p (598-602c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	299.4p	+8.55	297.95p	−0.45
3 months	306.7p	+8.55	305.1p	−0.45
6 months	314.8p	+8.55	—	......
12 months	330.90p	+8.5	—	......

LME—Turnover 175 (339) lots of 10,000 ozs. Morning: Three months 306.5, 6.4, 6.5. Kerbs: Three months 306.4. Afternoon: Three months 304.5, 4.5, 4.8, 5, 4.8, 5, 4.5, 5. Kerbs: Three months 305.3, 5.3, 5.7, 5.5, 5.3, 5.5, 5.6.

COCOA

In thin trading conditions the market was weaker for most of the day. It did stage a brief rally to reflect the sudden rise in the dollar but again eased to close overall £10 lower than last night's levels, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Dec.	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]

Sales: 2,722 (2,756) lots of 10 tonnes. International Cocoa Organisation (U.S. cents per pound)—Daily price Nov. 1: 153.58 (154.61). Indicator prices Nov. 2: 15-day average 175.17 (174.14); 22-day average 173.61 (173.01).

COFFEE

ROBUSTAS opened unchanged but trade buying soon pushed values past last week's highs in improved volume, Drexel Burnham Lambert reports. The market remained steady throughout a quiet afternoon session and both New York and London markets were hesitant in view of the currency situation. At the close values were £20 higher on the day.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
November	1452-1454	+19.0	1460-1448
January	1470-1472	+22.0	1485-1448
March	1470-1472	+24.5	1480-1458
May	1451-1453	+23.5	1335-1327
July	1391-1398	+22.5	1305-1301
September	1.66-1.69	+20.0	1.71-1.48
November	1238-1240	+23.0	—

Sales: 3,487 (2,768) lots of 5 tonnes. ICO indicator prices for Oct. 31 (U.S. cents per pound): Colombian Mild Arabicas 173.00 (same); unwashed Arabicas 162.00 (same); other mild Arabicas 162.17 (161.00); Robustas ICA 1976 135.00 (135.00); Robustas ICA 1968 135.50 (135.50). Daily average 151.84 (151.73).

RUBBER

STEADY opening on the London physical market. Hectic trading throughout the day, closing on an uncertain note. Lewis and Peat reported the Malaysian godown price was 282 cents a kilo (buyer, November).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
Dec.	[illegible]	[illegible]	[illegible]
Jan.	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]
Jly-Sep	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]
Jy-Sept	[illegible]	[illegible]	[illegible]

Sales: 30 (83) lots of 5 tonnes and 1,163 (761) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 64p (63.5); Dec. 64p (63.5); Jan. 65p (64.25).

GRAINS

LONDON FUTURES (GAFTA)—Old crops opened unchanged. Sept. came on the board at 97.75 and Sept. barley at 92.00. Both attracted commercial and speculative interest and values quickly increased on lack of sellers to close 180 up on wheat and 175 higher on barley. Wheat values on old crops eased initially on country selling but good demand for spot and commercial interest to March and May rallied the market to close unchanged to 10p higher. Barley trade was fairly light, the main interest being in the nearbys which after initial dips rallied to close 5.25 up on the day, Acli reports.

Mnth	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Nov.	87.85	+0.10	79.65	+0.05
Jan.	89.75	+0.10	82.00	+0.10
Mar.	92.00	+0.10	84.35	+0.10
May.	94.45	+0.10	86.55	+0.15
Sept.	89.35	......	85.75	......

Business done—Wheat: Nov. 87.85-87.60, Jan. 89.80-89.50, March 91.85-91.70, May 94.35-94.45, Sept. 88.00-88.40. Sales: 183 lots. Barley: Nov. 79.35-79.65, Jan. 81.90-82.00, March 84.10-84.25, May 86.40 only, Sept. 85.00-85.75. Sales: 121 lots.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent Nov.-Dec. £94.00 Tilbury sellers. U.S. Dark Northern Spring No. 2 14 per cent Oct. £85.75, Nov. £86.25, Dec. £86.75 transhipment East Coast. U.S. Hard Winter 13½ per cent Nov. £86.50 quoted. [illegible]

HGCA—Location ex-farm spot prices: [illegible]

The UK monetary coefficient for the week beginning Oct. 30 will increase to 1.369.

SOYABEAN MEAL

The market opened unchanged to slightly easier. The afternoon saw a sharp fall in sterling and values improved dramatically to close on the highs. There was no fresh physical news, reports SNW Commodities.

	Yesterday's Close	+ or —	Business Done
	£ per tonne		
December	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]

Sales: 134 (109) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £103.00 (£100.00) a tonne cif for Nov-Dec. shipment. White sugar daily price was fixed at £112.00 (£111.00).

The market opened around overnight levels but lacked buyers so that losses of around 30 points were recorded over the morning, reports C. Czarnikow. Early in the afternoon the rise of around 9 cents in the U.S.-Sterling parity stimulated a rally and final prices were some 200 points above the lows.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Dec.	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug.	[illegible]	[illegible]	[illegible]
Oct.	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]

Sales: 4,378 (2,738) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £254.65 (same) a tonne for home trade and £165.50 (£163.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for Oct. 31: Daily 8.94 (9.14); 15-day average 8.83 (8.86).

WHITE SUGAR—Close (in order buyer, seller, business, sales): [illegible]

WOOL FUTURES

LONDON—The market was dull and featureless, reports Bache.

Australian Greasy Wool	Yesterday's Close	+ or —	Business Done
	(Pence per kilo)		
December	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]

Sales: Nil (same) lots of 1,500 kg.

SYDNEY GREASY—Close (in order buyer, seller, business, sales): [illegible]

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller): [illegible]

COTTON

COTTON—Liverpool. Spot and shipment sales amounted to 170 tonnes, bringing the total for the week to 1,705 tonnes. [illegible] growths but business was quiet.

MEAT/VEGETABLES

SMITHFIELD—(pence per pound): [illegible]

MEAT COMMISSION—Average fatstock prices at representative markets on November 1. [illegible]

COVENT GARDEN—(Prices in sterling per package except where otherwise stated): [illegible]

GRIMSBY FISH—Supply poor and demand good. [illegible]

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Nov. 1 1978	+ or —	Month ago
Metals			
Aluminium	£710	......	£710
Free Market (cif)	[illegible]	[illegible]	[illegible]
Copper cash W'bars	£750.5	+10.5	[illegible]
3 mths do. do.	£770.5	+10	[illegible]
Cash Cathode	£739	+11	[illegible]
3 months do. do.	£759	+10.5	[illegible]
Gold troy oz.	[illegible]	[illegible]	[illegible]
Lead Cash	£426.5	+11	[illegible]
3 mths	£410.25	+6.5	[illegible]
Nickel	[illegible]	[illegible]	[illegible]
Free Market (cif)	[illegible]	[illegible]	[illegible]
Platinum troy oz.	£142	......	£150
Free Market	£187.9	+3.5	[illegible]
Quicksilver (76lb)	[illegible]	[illegible]	[illegible]
Silver troy oz.	299.4p	+8.55	[illegible]
3 months	306.7p	+8.55	[illegible]
Tin Cash	£7,990	+185	[illegible]
3 months	£7,782.5	+165	[illegible]
Tungsten	[illegible]	[illegible]	[illegible]
Wolfram 22.04lb cif	[illegible]	[illegible]	[illegible]
Zinc cash	£353.5	+2.0	[illegible]
3 months	£364.25	+2	[illegible]
Producers	[illegible]	[illegible]	[illegible]
Oils			
Coconut (Phil.)	[illegible]	[illegible]	[illegible]
Groundnut	[illegible]	[illegible]	[illegible]
Linseed Crude	[illegible]	[illegible]	[illegible]
Palm Malayan	[illegible]	[illegible]	[illegible]
Seeds			
Copra Philip.	[illegible]	[illegible]	[illegible]
Soyabean (U.S.)	[illegible]	[illegible]	[illegible]
Grains			
Barley Home Futures	£81.9	[illegible]	[illegible]
Maize	[illegible]	[illegible]	[illegible]
French No. 3 Am	[illegible]	[illegible]	[illegible]
Wheat	[illegible]	[illegible]	[illegible]
No. 1 Red Spring	[illegible]	[illegible]	[illegible]
No. 2 Hard Winter	[illegible]	[illegible]	[illegible]
Eng. Milling	[illegible]	[illegible]	[illegible]
Cocoa Shipment	[illegible]	[illegible]	[illegible]
Future Mar.	[illegible]	[illegible]	[illegible]
Coffee Future	[illegible]	[illegible]	[illegible]
Cotton A Index	[illegible]	[illegible]	[illegible]
Rubber kilo	[illegible]	[illegible]	[illegible]
Sugar (Raw)	[illegible]	[illegible]	[illegible]
Woottops 64s	[illegible]	[illegible]	[illegible]

* Nominal. † New crop. ‡ Unquoted.

FINANCIAL TIMES

Nov. 1	Oct. 31	Month ago	Year ago
264.77	265.22	258.17	237.41

(Base: July 1, 1952=100)

REUTERS

Nov. 1	Oct. 31	Month ago	Year ago
1528.6	1529.0	1507.0	1466.8

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Oct. 31	Oct. 30	Month ago	Year ago
Spot	392.29	397.95	376.22	348.99
Futures	390.80	396.43	374.60	325.67

(Average 1924-25-26=100)

MOODY'S

Moody's	Nov. 1	Oct. 31	Month ago	Year ago
Spie Commty	989.8	993.7	956.9	[illegible]

(December 31, 1931=100)

U.S. Markets

Copper and cocoa down: metals fall

NEW YORK, Nov. 1.

PRECIOUS METALS closed offered limit-down on aggressive speculative liquidation following the new U.S. Administration's moves to defend the dollar, Bache reported. Copper, cocoa and sugar all closed sharply lower on aggressive Commission House stop-loss selling and trade arbitrage selling. Contrary to the general trend, however, coffee closed higher on bouse buying.

Cocoa—Dec. 175.00 (177.40), March 172.85 (177.15), May 172.10, July 172.35, Sept. 171.55, Dec. 168.00 settlements. Sales: 1,659.

Coffee—"C" Contract: Dec. 152.50 (153.00), March 143.75-143.50 (142.90), May 139.25, July 136.75-137.00, Sept. 134.25, Dec. 131.00-132.25, March nil. Sales: 700 lots.

Copper—Nov. 67.20 (69.60), Dec. 67.50 (70.20), Jan. 68.40, March 69.95, May 71.05, July 72.10, Sept. 73.05, Dec. 74.20, Jan. 74.60, March 75.40, May 76.20, July 77.00, Sept. 77.80. Sales: 11,500 lots.

Cotton—No. 2: Dec. 67.50-67.60 (69.30), March 70.55-70.61 (72.30), May 71.99, July 72.55, Oct. 67.40, Dec. 66.35-66.60, March 67.80 bid. Sales: 11,250.

*Gold—Nov. 223.10 (235.50), Dec. 230.70 (240.70), Jan. 232.40, Feb. 234.90, April 239.10, June 243.50, Aug. 247.90, Oct. 252.40, Dec. 257.00, Feb. 261.70, April 266.40, June 271.20, Aug. 276.00. Sales: 5,345 lots.

†Lard—Chicago loose 25.75 (same). NY prime steam 27.25 traded (same).

‡‡Maize—Dec. 232½-232¾ (234¼), March 242-241½ (243¼), May 248, July 252, Sept. 254, Dec. 255½.

§Platinum—Jan. 370.60 asked (380.60), April 371.60 asked (381.60), July 375.90 asked, Oct. 376.90 asked, Jan. 379.50 asked, April 382.00 asked, July 375.30-376.00. Sales: 209 lots.

‡Silver—Nov. 596.50 (616.50), Dec. 601.50 (621.50), Jan. 605.90, March 614.60, May 623.50, July 632.30, Sept. 641.40, Dec. 656.50, Jan. 660.00, March 670.20, May 679.90, July 689.70, Sept. 699.60. Sales: 19,735 lots. Handy and Harman spot bullion 594.00 (617.00).

Soyabeans—Nov. 689-692 (707¼), Jan. 702-699 (715), March 713-714½, May 720-720½, July 721-722, Aug. 711, Sept. 665½, Nov. 672-671.

‖Soyabean Meal—Dec. 191.60-191.20 (195.60), Jan. 192.00-192.50 (197.40), March 192.50-193.00, May 192.00-191.50, July 191.50-192.50, Aug. 191.50, Sept. 190.00, Oct. 186.90-187.00, Dec. 186.00-187.00.

Soyabean Oil—Dec. [illegible]

Sugar—No. 11: [illegible]

Tin—[illegible]

**Wheat—Dec. [illegible]

WINNIPEG, Nov. 1. ‡‡Rye—Nov. [illegible]

‡‡Oats—Dec. [illegible]

‡‡Barley—Dec. [illegible]

§§Flaxseed—Nov. [illegible]

**Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence [illegible]

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce—100 ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse, 5,000 bushel lots. § $s per troy ounce for 50 oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60-lb bushel in store. †† Cents per 24-lb bushel. ‡‡ Cents per 48-lb bushel ex-warehouse. §§ Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots. ¶¶ SC per tonne.

COURSES

STOCK EXCHANGE REPORT

Markets react sharply to U.S. defence moves for $

Index 0.3 up at 479.2—Gilts and Golds fall

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Oct. 16	Oct. 26	Oct. 27	Nov. 7
Oct. 30	Nov. 9	Nov. 10	Nov. 21
Nov. 13	Nov. 23	Nov. 24	Dec. 5

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The U.S. Government's $30bn package to reverse the precipitate slide in the dollar had a marked impact on stock market values yesterday. Widely lower again by amounts ranging to 5p and occasionally more at about 2.15 pm, leading equities were then marked sharply better to around overnight levels with the outlook for overseas earnings materially improved by yesterday's big fall in the sterling exchange rate.

Down a full point at one stage on the inflationary implications of the latest Ford offer and on the further upward pressure on interest rates following the rise in the Federal Discount rate from 8½ to 9½ per cent, British Funds ended with losses extending to ¾, after a more animated and sometimes two-way trade. The FT Government Securities index fell 0.51 to a low for the year of 68.77.

Gold shares, already easier despite the dramatic rally in the investment currency premium, weakened afresh to settle a maximum of two points down in the heavier-priced issues on the U.S. decision to increase the amount of bullion for sale at next month's auction to 1.5m oz. The price of bullion dropped by over $15 to $227 per ounce, after $220, and the FT Gold Mines index dropped 12.3 at 131.1, and the ex-dollar premium index was 9.5 off at 95.6.

The 30-share index was showing a loss of 8 points at 2 pm to a level 12 per cent below its mid-September high for the year, but an hour later had picked up to only 0.4 off on the day; in the later dealings, prices continued to harden and the index closed at 479.2 for a net gain of 0.3. The biggest price rallies usually occurred in those areas which had been depressed by thoughts of slimmer profit margins because of sterling's recent relative strength.

Second-line Industrials were generally left behind in the upward adjustment as seen in the five-to-one ratio of falls to rises in all FT-quoted industrials. The volume of business remained light as illustrated in official markings of 4,377 compared with the previous day's 4,638.

Revived demand for investment currency, mainly reflecting the desire to invest in U.S. securities, increased noticeably after news of the dollar defence measures and, in a market already moving higher influenced by sterling's reaction, the premium rebounded 9½ points to close at the day's best of 80 per cent. Yesterday's SE conversion factor was 0.7293 (0.7328).

A brisker business in Traded Options saw the number of contracts increase to 960 from the previous day's 558. British Petroleum were the most active stock with 138 deals, while Consolidated Gold Fields and GEC recorded 123 and 120 trades respectively.

Allied Irish remained on offer, closing 6 cheaper at 213p, after 207p, following the interim figures. Elsewhere in the Banking sector, currency influences helped ANZ, 12 higher at 282p, and Hong Kong and Shanghai, 13 to the good at 300p. Bank of Leumi were quoted ex the scrip issue at 14p. The major clearing banks rallied from initial weakness and closed little changed on balance.

Insurance brokers, a dull market of late on currency considerations, substantially reduced initial losses. Sedgwick Forbes finished only 3 easier at 395p, after 385p, while losses of 1½ were seen in C. T. Bowring, 107½p, after 103p, and Hogg Robinson, 134½p, after 130p.

Although firmer in the late trade, Breweries generally ended with small losses although Allied rallied from 81p to close a penny better on balance at 83p.

A dull market of late on doubts about overseas earnings, Distillery issues staged a good rally in the late trade in sympathy with the improvement in the dollar rate. Distillers finished a penny harder at 191p, after 185p.

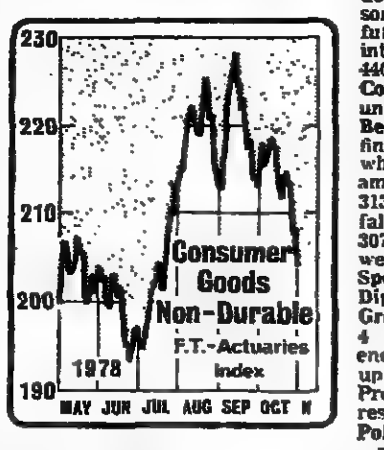
Leading Building descriptions mirrored the market's initial malaise, but losses were cut back and occasionally replaced by net gains by the close. Richard Costain rallied from 220p to close 2 down on balance at 234p and Taylor Woodrow held a small gain at 400p, after 396p. John Laing A shed 4 more to 75p for a loss of 12 since Monday's property hive-off. McNeill were suspended at 28p, down 3, pending clarification of the company's financial position.

Initially dull on the implications of an ailing U.S. dollar, ICI rallied from 358p and closed at 364p, still 5 off on balance, while Fisons recovered from 314p to close 4 to the good at 323p.

Stores erratic

While leading Stores rallied to virtually unchanged in late trading, secondary issues remained dull. Notable falls included NSS Newsagents, 8 down at 98p, Dixons Photographic, 6 off at 126p, and Liberty, 10 lower at 170p. Foster Brothers gave up 5 at 153p, as did W. L. Pawson, at 57p, while A. G. Stanley declined 6 to 164p. Further consideration of the annual results left J. Hepworth another 3 cheaper at 63p, a fall of 7 since Tuesday's announcement. Recently firm Lee Cooper shed 7½ to 165p and falls of 4 included Cantors A at 39p.

Secondary issues provided the outstanding dull spots in Electricals. Small selling left United Scientific 24 down at 280p, while losses of around 10 were seen in Farnell Electronics, 350p, and Eurotherm, 175p. Motorola reflected currency influences with an improvement of 4¾ points to £30⅞. Among the leaders, Berec provided an isolated dull spot at 136p, down 6, following news of labour problems at its South African subsidiary.



The Engineering majors joined in the afternoon recovery, John Brown closing 3 firmer on balance at 424p, after 418p, and Guest Keen a penny dearer at 268p, after 261p. Vickers, a firm market recently on nationalisation compensation hopes and the proposed sale of its 72 per cent holding in Canadian Vickers, eased to 187p before settling at 192p, unaltered on the day. Losses were fairly numerous in secondary issues. APV dipped 10 to 203p and falls of 8 were marked against Adwest, 297p, and Babcock and Wilcox, 149p. Haden Carrier, 106p, and Tecalemit, 132p, fell 6 apiece, while British Northrop, down 2 more at 72p, continued to reflect the sharp fall in interim profits. Against the trend, Hampton Industries encountered support and put on 2½ to 17p. Richardson Westgarth were temporarily suspended at 60p; the agreed nationalisation terms were announced after market hours.

In Foods, Cartiers finished 6 easier at 96p, after 94p, following interim figures which failed to come up to best expectations. Avana reacted 2½ to 39p following Press comment on the interim statement, while other dull spots included Robertson, 4 off at 136p, and J. Sainsbury, 5 cheaper at 208p.

Still reflecting concern over the Office of Fair Trading's investigation into the affairs of the company's Dayville Ice cream subsidiary, City Hotels lost 9 for a two-day fall of 16 to 110p. Trust Houses Forte slipped 4 to 223p, while losses of around 8 were seen in Ladbroke, 166p, and Prince of Wales Hotels, 88p.

Reckitt dip and rally

Miscellaneous Industrial leaders staged a good rally following news of the American package which boosted the value of the dollar yesterday and removed some of the recent fears about future profitability of the big international companies. Down to 440p at one stage, Reckitt and Colman recovered to close unaltered on balance at 453p. Beecham, which fell away to 633p, finished 3 better at 643p. Elsewhere, BTR encountered a fair amount of selling and touched 313p before settling at 325p for a fall of 12. Sotheby gave up 8 to 307p and falls of a similar amount were recorded in Neill and Spencer, 110p, S. Gibbons, 194p, Diploma, 174p, and Rockware Group, 110p. Dunbee-Combex lost 4 to 96p, while Petrocon encountered fresh selling and gave up 5 to a low for the year of 47p. Press comment on the interim results prompted dullness in Polymark which eased 3 to 50p.

Ulster TV "A" rose 3 for a three-day gain of 8 to 75p ahead of Friday's annual results.

The Motor sectors gave ground, but the majority of prices closed above the days lowest. Lucas ended 5 cheaper at 311p, after 309p, in Components where Kwik-Fit gave up 1½ to 49½ despite the increased interim dividend and profits. Revived speculative demand left Pennine 1¼ higher at 14.

Leading Properties virtually ignored the threat of increased interest rates and usually reversed small falls, but secondary issues sustained moderate losses. Land Securities found support in late dealings and improved 2 to 229. English held a gain of a penny at 37p, but Stock Conversion cheapened 4 to 262p on lack of support. Marlborough Property, formerly Chown Securities, attracted a reasonable turnover and firmed ½ to 20½p. Elsewhere, losses of around 7 were recorded in Chesterfield, 338p, United Real, 300p, and Bernard Sunley, 262p.

Oils volatile

Tradings in the Oil sector was slightly busier, but prices were volatile. British Petroleum moved between extremes of 856p and 874p before settling at 870p for a rise of 2 on the day, while Shell closed a penny firmer at 564p, after 555p. Royal Dutch moved in sympathy with the dollar premium and touched £41¼ before closing ¾ higher on balance at £42½. Outside the leaders, Siebens (UK) ended 8 lower at 274p, after 270p.

Having reacted initially in response to overnight weakness on Wall Street, Investment Trusts staged a good rally in active trading following President Carter's measures. Edinburgh American ended 6½ better at 110p, after 100½p, Border and Southern, 1½ harder at 57p, after 54p, and Atlantic Assets, 2 firmer at 99p, after 93p. Of the numerous dull spots, Canadian and Foreign Investment reacted 4 to 98p. In Financials, S. Pearson finished 7 easier at 215p, after 212p. London Merchant Securities shed 4 for a two-day loss of 9 to 62p, but the Australian-based Challenge Corporation were called 4 better at 122p ex the scrip issue.

Scattered selling was evident in Textiles. Dawson International issues remained on offer, the ordinary reacting 5 more to 178p and the A 4 further to 177p, while J. Haggas gave up 7 to 165p. Smaller-priced issues to give ground included Stroud Riley, 3 lower at 31p, and Youghal, 2 cheaper at 31p. Shiloh, however, hardened a penny to 27p on the sharp recovery in half-yearly profits.

Shock wave in Golds

The package of measures designed to support the dollar, which included the decision to increase the amount of gold offered at the monthly U.S. Treasury gold auction to 1.5m ounces in December against the current 300,000 ounces and 750,000 ounces proposed for the November sale, sent a shock wave through the gold share market.

The Gold Mines index, including the premium, dropped 12.3 to 131.1—its lowest since the beginning of the year when the gold price was around $166 per ounce, while the bullion price collapsed to $220 per ounce before closing $15.125 lower on the day at $227.

Already weakened by an initial decline in the bullion price, share prices tumbled following the increased gold sales news which produced a wave of selling from most international centres, and in particular the U.S.

Selling continued throughout the afternoon and for most of the after-hours' trade until bear closing and "cheap" buying left pricese fractionally above their lowest.

Losses in the heavier-priced issues ranged to £2, as in Free State Geduld, £12¾, while Western Holdings and "Amgold" showed similar falls at £15¾ and £15 respectively.

Among the medium-priced stocks, President Brand slumped 123 to 667p, President Steyn 85 to 565p and East Driefontein 65 to 590p.

South African Financials also suffered but losses were cushioned by the sharp rise in the investment premium.

London-registered Financials rallied strongly in line with the industrial market. Rio Tinto-Zinc closed 3 up on balance at 241p, after 234p.

On the other hand, the sharp reaction in the bullion price prompted a fall of 8 in Gold Fields to 172p.

The dollar support measures also produced a reaction in the free market platinum price and caused heavy selling of platinum shares. Impala dropped 15 to 184p and Rustenburg 10 to 92p.

Australians moved ahead in response to the recovery on Wall Street and the firmness of the premium. Conzinc Riotinto jumped 16 to 266p, Western Mining 8 to 133p and MIM Holdings 7 to 188p. Speculative diamond issues also staged a rally with Western Queen 5 higher at 20p.

FINANCIAL TIMES STOCK INDICES

—	Nov. 1	Oct. 31	Oct. 30	Oct. 27	Oct. 26	Oct. 25	A year ago
Government Secs.	68.77	69.28	69.54	69.37	69.36	69.68	76.61
Fixed Interest	70.22	70.58	70.65	71.02	71.02	71.10	78.81
Industrial	479.2	478.9	484.4	483.2	484.4	489.7	486.0
Gold Mines	131.1	143.4	148.5	149.5	148.0	149.2	144.8
Gold Mines (Ex-$ pm.)	95.6	105.1	110.3	110.4	109.8	108.4	105.4
Ord. Div. Yield	5.66	5.67	5.60	5.62	5.58	5.51	5.51
Earnings, Y'ld%(full)(*)	15.65	15.67	15.48	15.52	15.53	15.34	16.39
P/E Ratio (net) (*†)	8.44	8.43	8.53	8.51	8.52	8.62	8.68
Dealings marked	4,377	4,638	4,337	4,870	4,818	4,400	6,752
Equity turnover £m	—	67.66	63.27	78.71	89.53	75.15	104.15
Equity bargains total	—	12,894	14,854	15,781	17,065	14,695	19,682

10 am 471.8. 11 am 471.3. Noon 470.4. 1 pm 471.2.
2 pm 470.9. 3 pm 478.5.
Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=8.21.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ pm index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	68.77 (1/11)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.22 (1/11)	150.4 (28/11/47)	50.53 (3/1/75)

S.E. ACTIVITY

	Nov. 1	Oct. 31
—Daily		
Gilt-Edged	128.8	135.7
Industrials	157.4	160.1
Speculative	37.0	33.6
Totals	99.6	105.6

LONDON TRADED OPTIONS

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (7)

STORES (2)
Knott Mill
Kunick
ENGINEERING (1)
Hampson
INDUSTRIALS (1)
Berisfords
LEISURE (1)
Ulster TV A
MOTORS (1)
Plaxton's
MINES (1)
Gold M. Kalgoorlie

NEW LOWS (101)

BRITISH FUNDS (18)
CORPORATION LOANS (1)
CANADIANS (2)
BANKS (1)
BEERS (1)
BUILDINGS (9)
CHEMICALS (4)
ELECTRICALS (3)
ENGINEERING (9)
FOODS (2)
INDUSTRIALS (19)
INSURANCE (6)
LEISURE (1)
MOTORS (3)
TEXTILES (3)
TRUSTS (8)
OILS (2)
TEAS (1)
MINES (8)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	2	71	—
Corpns. Dominion and Foreign Bonds	—	16	46
Industrials	161	753	685
Financial and Prop.	41	315	157
Oils	8	15	13
Plantations	1	11	19
Mines	20	66	52
Recent Issues	—	19	11
Totals	233	1,232	983

APPOINTMENTS

Lloyds Bank region director

Mr. D. S. Clarabut has been appointed a regional director of the South East regional Board of LLOYDS BANK, which sits at Tunbridge Wells under the chairmanship of the Marquess of Abergavenny. Mr. Clarabut is managing director of Proprietors of Hay's Wharf and a director of other companies.

★

Lord Greenhill, who was appointed as one of the Government directors of the BRITISH PETROLEUM COMPANY in 1973 and who completes his present term of office on November 7, 1978, and will be retiring on that date. His successor is to be announced in due course.

★

The board of CHEF AND BREWER, the pub retailing division of Grand Metropolitan, has been restructured to meet the company's development plans.

Mr. W. F. Hannon (managing director) becomes chairman and chief executive, with continuing overall responsibility for the company. He will also control relationships with other brewers and the acquisition of businesses and property. Mr. T. O. Thwaites (director of operations) is now managing director, responsible to the chairman for all trading and related operations of the company. Mr. M. P. Aiken and Mr. A. H. Fraser, at present executive directors, have been appointed assistant managing directors and will be in charge of some of the duties of the former director of operations. All other directors continue in their present posts.

★

Mr. Garry H. Weston has been appointed chairman of FORTNUM AND MASON, succeeding the late Mr. W. G. Weston.

★

Mr. K. Warner has been appointed a director of GRINDLAYS BANK. Mr. Warner, until recently responsible for the group's business in South Asia, based in Bombay, has returned to London to take up the post of managing director of the group's Asia Pacific division with responsibility for the South Asia and Pacific Basin regions. He succeeds Mr. F. V. Queen, who is now managing director for the group's Europe and Americas division. Mr. L. A. W. Evans, who was a member of the group's senior management in London, has moved to Bombay as regional director for South Asia.

★

Mr. Peter C. Le Mesurier has been appointed finance director of PRICE AND PIERCE (HOLDINGS) COMPANY in place of Mr. Reginald O. A. Keel, who has relinquished that position but remains on the board. The parent concern is Tozer Kemsley and Millbourn (Holdings). Mr. Le Mesurier was formerly with Charter Consolidated.

★

Mr. Peter Bryan has been appointed chief executive of the magazine division of UNITED NEWSPAPERS and joins the board of BRADBURY AGNEW AND CO.

★

Dr. Michael Dart has been made director of scientific services, THAMES WATER AUTHORITY, and will take up that appointment by the end of the year. He succeeds Mr. Hugh Fish, who has become chief executive of the authority.

★

Mr. I. R. Walker, Mr. E. C. Harris and Mr. R. G. Elden have been appointed directors of ROBERT McBRIDE (MIDDLETON) following its acquisition by BP Oil.

★

Mr. G. T. Evans has been appointed company secretary and group legal adviser of OCEAN TRANSPORT AND TRADING. He succeeds Mr. Arthur White, who has retired.

★

Mr. W. H. Stafford has retired as secretary to the INSURANCE INSTITUTE OF LONDON and has been succeeded by Mr. D. S. Salmon.

★

The following have been elected as directors of EMPLOYMENT CONDITIONS ABROAD: Mr. R. W. Batson, sponsored by Baker Perkins Holdings, and Mr. A. J. S. Turner, sponsored by Lloyd's Register of Shipping.

★

Mr. James R. Scott has been appointed secretary to the ABERDEEN HARBOUR BOARD from January 1, 1979. He is at present company secretary and financial controller of Ailsa Shipbuilding Company. Mr. James Will, secretary and deputy general manager, retires from AHB at the end of April next year.

★

Mr. G. M. Green has retired from the Board of McCORQUODALE AND COMPANY.

★

Mr. Alan Miles, at present managing director of Weidenfeld (Publishers), is to join the group Board of ASSOCIATED BOOK PUBLISHERS and become managing director of Associated Book Publishers (UK) at the beginning of next year. Mr. Michael Turner, group managing director, will continue as chairman of ABP (UK).

★

Mr. Claudio Buttafava has been appointed general manager of THE SAVOY. After 18 years as general manager, Mr. Beverley Griffin has given up that position for a change of environment and interest. The new assistant general manager is Mr. John Macedo, who has spent the past eight years with the Inter-Continental Hotels Corporation.

★

Mr. William Bowler has been appointed secretary of the PROCESS PLANT ASSOCIATION.

★

Mr. Charles Simeons has been appointed the first Director of the ACTION LEARNING TRUST in a part-time capacity.

★

Mr. George S. Miskin has been appointed managing director of G. J. DURAFENCING.

★

Mr. Alan W. Moulds, commercial director of DOWTY MINING EQUIPMENT since 1974, has been appointed financial director.

★

Mr. Michael Bowman-Vaughan, senior partner in Binder Hamlyn Chartered Accountants, has joined the Board of MOLYSLIP HOLDINGS.

★

Mr. William Lowe has joined LONSDALE SYSTEMS as director of consultancy services from CMG (City of London).

★

Mr. J. Rae has retired as a director of McKECHNIE BROTHERS.

LEADERS AND LAGGARDS

The following table shows the percentage changes which have taken place since December 30, 1977, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Engineering Contractors	+21.91
Mining Finance	+18.71
Electricals	+17.69
Mechanical Engineering	+13.90
Overseas Traders	+12.89
Food Retailing	+ 2.89
Other Groups	+ 2.01
Cons. Goods (Non-Durable) Group	+ 0.85
Food Manufacturing	+ 0.29
Stores	+ 0.03

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct. 24	Nov. 6	Jan. 25	Feb. 6
Nov. 7	Nov. 20	Feb. 8	Feb. 20
Nov. 21	Dec. 4	Feb. 22	Mar. 6

For rate indications see end of Share Information Service

Money was given for the call in London and Northern, Lonrho, Linfood, Avon Rubber, Town and City Properties, GEC, English Property, Rustenburg, Ferranti, UDT, Ladbroke Warrants, Lofs and Allied Breweries. Puts were done in Bejam, Capital and Counties Property, Marley, SGB, Barratt Developments and William Press, while doubles were arranged in Bellway, English Property, Glaxo, Beecham, Mersey Docks Units and Ladbroke Warrants.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BP	£1	12	870	+ 2	926	720
ICI	£1	12	364	− 5	421	328
Shell Transport	25p	10	564	+ 1	602	484
BAT Inds.	25p	9	274	+ 1	346	267
Grand Met.	50p	9	105	− 1	121	87
Vickers	£1	8	192	—	211	160
Babcock & Wilcox	25p	7	149	− 8	163	107
Bowater	£1	7	180	—	212	163
B.E.T. Defd	25p	7	108	− 5	123	95
GEC	25p	7	319	+ 2	340	233
Midland Bank	£1	7	340	—	390	330
Allied Irish Banks	25p	6	213	− 6	239	150
Beecham	25p	6	643	+ 3	743	583
Bowring (C.T.)	25p	6	107½	− 1½	133	97
GUS A	25p	6	296	− 2	340	256

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — Wed., Nov. 1, 1978

GROUPS & SUB-SECTIONS

FIXED INTEREST PRICE INDICES

FIXED INTEREST YIELDS

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. Ltd. (a)

Allied Hambro Group (a)(g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co. Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Trust Management (a)(g)

The British Life Office Ltd. (a)

Brown Shipley & Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd. (a)(c)

Charities Official Invest. Fd.

Chieftain Trust Managers Ltd. (a)(g)

Confederation Funds Mgt. Ltd. (a)

Cosmopolitan Fund Managers

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mgrs. Ltd. (a)(g)

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmt. Ltd.

Equity & Law Un. Tr. M.

James Finlay Unit Trust Mngt. Ltd.

10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l.	21.2	22.9	-1.3	2.95
Accum. Units	24.7	26.9	-1.5	2.95
J. Finlay Income	33.2	35.9	-1.5	8.94
J. Finlay Euro.Fin.	26.6	28.8	-0.8	2.37
Accum. Units	30.8	36.5	-0.9	2.37
J. Finlay Fd.In.Tst.	28.2	30.7	-1.8	4.60
Accum. Units	32.6	35.3	-2.0	4.60

Prices Nov. 1. Next dealing Nov. 8.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Unit Tr. Mgrs.

G.T. Unit Managers Ltd.

G. & A. Trust (a)(g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd.

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a)(c)(g)

Hill Samuel Unit Tst. Mgrs. (a)

Intel. (a)(g)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Lawson Secs. Ltd. (a)(c)

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

M & G Group (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Do. Accum.	36.9	39.7	-0.3	3.08
Capital	25.7	27.7	-0.2	3.43
Do. Accum.	28.1	30.3	-0.1	3.43
Income	52.1	56.1	-0.8	6.67
Do. Accum.	60.8	65.4	-1.0	6.67
International	41.8	45.2	+0.2	2.60
Do. Accum.	44.6	48.1	+0.2	2.60
High-Yield	61.8	66.5d	-1.0	8.61
Do. Accum.	67.5	72.6	-1.0	8.61
Equity Exempt*	104.0	109.7		5.77
Do. Accum.*	104.0	109.7		5.77

*Prices at Oct. 31. Next dealing Nov. 30.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National and Commercial

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a)(g)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Piccadilly Unit Trust (a)(b)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a)(b)(c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rothschild & Lowndes Mgmt. (a)

Rowan Unit Trust Mngt. Ltd. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Save & Prosper Securities Ltd.

Save & Prosper continued

Scotbits Securities Ltd.

Schlesinger Trust Mngrs. Ltd. (a)(z)

J. Henry Schroder Wagg & Co. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Sebag Unit Tst. Managers Ltd.

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd. (a)(g)

Target Tst. Mgrs. (Scotland) (a)(b)

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co.

Tyndall Managers Ltd.

TSB Unit Trusts (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

CORAL INDEX: Close 474-479

INSURANCE BASE RATES

†Property Growth	10¼%
†Vanbrugh Guaranteed	10.37%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

City of Westminster Assur. Co. Ltd.

City of Westminster Assur. Soc. Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life Assurance Co. Ltd.

Crusader Insurance Co. Ltd.

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assurance Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (U.K.) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Fds.) Ltd.

Phoenix Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Solar Life Assurance Limited

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (U.K.) Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Arbuthnot Securities (C.I.) Limited

Australian Selection Fund NV

Bank of America International S.A.

Banque Bruxelles Lambert

Barclays Unicorn Int. (Ch. Is.) Ltd.

Barclays Unicorn Int. (I. O. Man) Ltd.

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Tst. Mngmt. (CI) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

For Capital S.A. see under Keyser Ullman Ltd.

Capital International S.A.

For Central Assets Mngt. Ltd see under Keyser Ullman Ltd.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst.Mgt.Jrsy.Ltd.

The English Association

Eurobond Holdings N.V.

F. & C. Mgmt. Ltd. Inv. Advisers

Fidelity Mgmt. & Res. (Bda.) Ltd.

Fidelity Mgmt. Research (Jersey) Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Hambro Pacific Fund Mgmt. Ltd.

Hambros Bank (Guernsey) Ltd./ Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Baring Fund Mgrs. Ltd.

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Invest. Mgmt. Intnl.

International Pacific Inv. Mngt. Ltd.

J.E.T. Managers (Jersey) Ltd.

Jardine Fleming & Co. Ltd.

48th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$353.70			2.00
Jardine J'pn Fd.*	HK$418.33			0.80
Jardine S.E.A.	SUS19.98			1.70
Jardine Flem. Int.	HK$12.48			—
Intl Pac Secs. (Inc.)	HK$15.09			—
Do. (Accum.)	HK$15.24			—

NAV Oct. 14. *Equivalent SUS88.44. Next sub. Oct. 31.

Keyser Ullman Limited

King & Shaxson Mgrs.

Kleinwort Benson Limited

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds Bank Intl. Geneva

Management International Ltd.

M & G Group

Samuel Montagu Ldn. Agts.

Murray, Johnstone (Inv. Adviser)

Negit S.A.

Negit Ltd.

Phoenix International

Quest Fund Mngmnt. (Jersey) Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Rothschild Asset Mngt. (Bermuda)

Royal Trust (CI) Fd. Mgt. Ltd.

Save & Prosper International

Schlesinger International Mngt. Ltd.

Schroder Life Group

J. Henry Schroder Wagg & Co. Ltd.

Sentry Assurance International Ltd.

Singer & Friedlander Ldn. Agents

Stronghold Management Limited

Surinvest (Jersey) Ltd.

TSB Unit Trust Managers (C.I.) Ltd.

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

Unilife Assurance (Overseas) Ltd.

Union-Investment-Gesellschaft mbH.

Utd. Intnl. Mngmnt. (C.I.) Ltd.

United States Tst. Intl. Adv. Co.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

CMT Ltd Sept 28	£14.62	15.00		—
Metals Tst. Oct. 19	£12.90	13.22		—
TMT Oct. 13	SUS12.39	12.95		—
TMT Ltd. Oct. 13	£11.11	11.40		—

World Wide Growth Management

10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	SUS16.39		—

NOTES

Prices do not include $ premium, except where indicated ‡, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex subdivision.

FT SHARE INFORMATION SERVICE

BONDS & RAILS—Cont.

1978 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
55	42	Hung. '24 Ass.	50	......	4½	5.63
77	65	Ireland 6¾pc '81-83	68	......	—	12.55
88	82¼	Ireland 7½pc 81-83	84	......	7½	12.79
91	77¾	Do 9¾pc 91-96	77¾	−¼	—	13.26
425	265	Japan 4pc '10 Ass.	385	......	—	—
87	68½	Do 6pc '83-88	70	......	6	11.25
160	140	Peru Ass. 3pc	150xc	......	3	2.00
75p	75p	S.G.I. 6½pc 1980	75p	......	6½	8.67
$99	$94½	Turin 9pc 1991	$94½	......	9	9.52
DM91	DM81	Turin 6½pc 1984	DM91xc	......	6½	9.10
97	94	Uruguay 3½pc	97	......	3½	3.60

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	23	......	—	—
41	33	Do. 5pc Pref.	41	......	—	—
98	98	Chilean Mixed	98	......	—	13.09
415	350	German Yng. 4½pc.	411	......	4½	—
54	46	Greek 7pc Ass.	50	......	3½	17.25
51	46	Do. 6pc 28 Stab. Ass.	49	......	6	16.22
44	40	Do. 4pc Mixed Ass.	40	......	4	15.08

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

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Tehran: P.O. Box 11-1879. Telex 213930 Tel: 682698
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Leeds: Permanent House, The Headrow. Tel: 0532 454969
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 238409 Tel: (212) 489 8300
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J 27104 Tel: 295 4050

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مكتبة الأصول

INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INV. TRUSTS—Continued

FINANCE, LAND—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

MINES—Continued

AUSTRALIAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
15	10	[illegible] 25c	10	.....	—	—	—
140	64	Bougainville [illegible]	124	+5	†Q8c	1.4	4.0
131	63	BH South 50c	119	+3	—	—	—
820	150	Central Pacific	300	−50	...	...	...
336	148	Conzinc Riotinto 50c	266	+16	‡Q10c	2.2	‡
27	9½	Endeavour 20c	19½	+½	—	—	—
75	45	G.M. Kalgoorlie $1	75	+3	—	—	—
68	18	Hamma Gold N.L.	30	.....	—	—	—
140	81	Hampton Areas 5p	118	.....	t3.55	2.0	4.5
40	10	Metals Ex. 50c	28	+2	...	...	...
223	125	M.I.M. Hldgs. 50c	188	+7	Q9c	1.7	3.0
22	10	Minefields Expl.	15	.....	—	—	—
40	10	Mount Lyell 25c	30	.....	—	—	—
7	1½	Newmetal 20c	5¾	.....	—	—	—
143	79	North B. Hill 50c	107	−5	Q8c	1.3	4.7
16½	8½	Nth. Kalgurli	14	.....	—	—	—
50	12	Nth. West Mining	23	.....	—	—	—
178	117	Oakbridge $1	123	+3	Q12c	1.9	11.4
42	10	[illegible] N.L.	23	+1	—	—	—
70	30	Pacific Copper	58	.....	—	—	—
£15½	750	Pancont'l 25c	875	−25	—	—	—
40	12	Paringa M&E. 5p	24	.....	—	—	—
570	310	Peko-Wallsend 50c	450	+12	Q15c	ɸ	2.1
300	50	Southern Pacific	140	.....	—	—	—
164	64	Westn. Mining 50c	133	+8	Q3c	0.7	‡
70	35	Whim Creek 20c	50	.....	—	—	—

TINS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
30	23	Amal. Nigeria	24	.....	2.81	1.3	17.4
420	240	Ayer Hitam SM1	365	.....	Q300c	0.5	17.7
60	45	Beralt Tin	54	.....	14.0	4.4	11.6
305	200	Berjuntai SM1	250	−5	Q110c	ɸ	9.5
180	111	Geevor	180	.....	5.04	5.8	4.2
11	8½	Gold & Base 12½p	11	.....	—	—	—
350	220	Gopeng Cons.	340xd	.....	†15.36	0.9	6.7
310	130	Hongkong	300	.....	—	—	—
93	78	Idris 10p	90	.....	‡12.0	1.6	‡
11	7	Jantar 12½p	9½	.....	—	—	—
84	68	Kamunting SM0.50	79	.....	Q12½c	2.1	3.6
640	450	Killinghall	630	.....	Q125	ɸ	19.8
470	280	Malay Dredging SM1	455	.....	†Q95c	0.8	4.5
78	40	[illegible] Pahang	64	.....	‡Q3.75c	0.5	‡
78	50	Penkalen 10p	72xd	−3	6.60	1.3	13.7
270	165	Petaling SM1	250	−5	†Q80c	1.6	7.3
87	49	Saint Piran	83	−4	2.03	6.5	3.6
70	47	South Crofty 10p	66	−3	4.19	2.0	9.5
245	140	South Kinta SM0.50	225	.....	‡Q145c	0.6	13.8
340	230	Sthn. Malayan SM1	330	.....	‡Q15½c	1.1	8.6
240	134	Sungei Besi SM1	215	.....	Q65c	5.3	6.5
85	55	Supreme Corp. SM1	75	.....	ZQ10c	—	2.9
100	85	Tanjong 15p	90	.....	6.60	0.8	10.9
100	74	Tongkah Harbr. SM1	100	.....	[illegible]	1.6	‡
270	148	Tronoh SM1	245	+5	‡Q88c	1.6	‡

COPPER

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
104	66	Messina R0.50	66	−2	‡Q30c	1.9	‡

MISCELLANEOUS

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
$15⅝	$10¼	Buffels R1	$10¼	−1½	Q170c	1.8	19.1
$11⅞	860c	East Drie R1	860c	−140	†Q78c	1.7	10.5
585c	330c	East Rand Prp. R1	404c	−76	—	—	—
$28⅞	$16⅝	F.S. Geduld 50c	$18⅝xd	−4	Q315c	ɸ	19.8
$15⅝	975c	Pres. Brand 50c	975c xd	−237	Q150c	ɸ	17.7
$13⅞	900c	St. Helena R1	900c	−150	Q190c	ɸ	24.4
465c	313c	Stilfontein 50c	354c	−49	†Q22c	2.3	6.4
$22½	$16½	Vaal Reefs 50c	$16½	−2½	Q115c	3.3	8.1
$37	$25	West Drie R1	$29	−3¼	Q385c	1.7	15.3
$31¼	$19¼	West Hldgs. 50c	$23xc	−4½	Q415c	ɸ	20.8
$12½	895c	Western Deep R2	975c	−150	Q82.5c	2.4	9.8

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ɸ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ✱ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ☆ Regional price.
- ¶ No par value.

a Tax free. b Figures based on prospectus or other official estimate. [illegible] A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

[illegible]

"Recent Issues" and "Rights" Page 44

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	25	.....
Ash Spinning	49	.....
Bertam	16	.....
Bdgwtr. Est. 50p	330	.....
[illegible]	26	.....
[illegible]	520	.....
[illegible]	37	.....
Ellis & McHdy	67	.....
Evered	27	.....
Fife Forge	52	.....
Finlay Pkg. 5p	21	.....
Graig Ship £1	145	.....
Sheff. Refrshmt.	66	.....
Sindall (Wm.)	112	.....

IRISH

Conv. 9% '80/82	£90⅞	[illegible]
Alliance Gas	93	+2
Arnott	350	.....
Carroll (P.J.)	97	+2
Clondalkin	89	.....
Concrete Prods.	138	+8

OPTIONS

3-month Call Rates

FINANCIAL TIMES

Thursday November 2 1978

Big banks consider overdrafts rate rise

BY MICHAEL BLANDEN

AN INCREASE in the cost of overdrafts, possibly today or tomorrow, is being considered by the big banks after a further rise in the general level of London short-term market interest rates.

The banks are likely to wait for today's decision by the Government and the Bank of England on the official minimum lending rate before deciding.

Yesterday's U.S. measures have brought further upward pressure on the level of London rates, which were moving up before the latest increases in New York. So far, however, the Bank has resisted the pressure and kept the rate at the 10 per cent at which it was fixed in the economic measures in early June.

Last week the rates on Treasury bills at the weekly tender were at a level that would have produced an MLR of 11 per cent on the old market-related formula, which was abandoned at the end of May. Rates were higher still yesterday.

The big clearing banks have also held their base rates for lending at 10 per cent, but have felt growing pressure from the upward trend in the market. Rates rose again yesterday, with three-month inter-bank money standing at 11¾ per cent.

With blue-chip borrowers from the banks paying only 11 per cent at the present base rate, that leaves the banks open to losses on their lending and to possible arbitrage by big customers taking advantage of the interest-rate differentials to borrow from the banks and then lend the money themselves at the higher rates available elsewhere.

Ford calls on its workers to back 17% 'final' offer

BY CHRISTIAN TYLER, LABOUR EDITOR

THE BATTLE for the votes of 57,000 striking Ford car workers on a 17 per cent pay and benefits offer began in earnest yesterday ahead of mass meetings tomorrow and Sunday.

Ford posted to the homes of every manual worker a bulletin detailing the "final" offer. It included the controversial attendance payments plan—the main reason for the 53-man union negotiating committee's rejection of the offer on Tuesday night.

Sir Terence Beckett, chairman of Ford of Britain, issued a public statement last night in an attempt to counter union claims that the plan contains an "atrocious list of penalty clauses," and would cause more disputes than it stopped.

He said that to earn the bonus, "all any employee has to do is his normal job each day. There are sensible rules covering lateness and absenteeism so that there are no mysteries. There is no small print to be misunderstood."

Voting at the plants—crucial decisions will come from Halewood and Dagenham tomorrow—is expected to be close. Many workers, remembering previous rows about no-strike clauses, may react strongly against the bonus conditions when they read them.

Yet shop stewards say the men are more militant than for years—they have gone six weeks without a mass meeting. Some may feel, however, that the strike has gone on long enough, particularly with Christmas approaching.

The political temperature was rising too yesterday, with Conservatives challenging the Prime Minister to say what the Government proposed to do about an offer more than three times the size of his Stage Four 5 per cent limit on settlements.

The company refused to be drawn either on Mr. Callaghan's own hints of tough action or to say what the effect on Ford car prices would be if the offer was accepted.

It is clearly hoping that its profitability and its adherence to the incomes policy line for several weeks will count in its favour when the Cabinet committee on pay meets to make a verdict.

The offer consists of a weighted average increase of 9.75 per cent on basic wages, the attendance bonus—a weekly supplement payable in arrears—of 5.15 per cent, and a new holiday pay system worth 1.9 per cent. Improved pensions and holidays are also on offer.

The increases if the bonus is earned range from £10.11 to £15.87 a week, giving earnings between £82.91 and £131.05. For the main grade of 25,000 production workers, this means £11.09 a week more including £3.48 bonus and earnings of £90.42 for five alternate day and night shifts, rising to £100.97 with four hours overtime.

Ford is offering to substitute a £70 a year flat rate holiday bonus for pay at time and a third. That would nearly double the main grade's entitlement.

On basic rates alone, the offer is nearly double the Government's limit, but less than a third of the £20 a week the unions wanted. The claim was costed by the company at 25 per cent on pay, but 60 per cent including the rejected demand for a 35-hour week, a line-worker allowance and other improvements.

The strike is six weeks old today. It has meant lost production of nearly 72,000 cars and trucks, with a showroom value of over £280m. The unions have spent around £2m in strike pay, including £1.4m from the Transport Workers. The average worker has lost nearly £500 in wages. This will be offset to some extent by social security benefits and tax rebates.

Overseas, the effects on Ford plants is beginning to bite hard. About three-quarters of the production workers at the Saarlouis Fiesta and Escort plant in Germany may be laid off on Monday, and there have already been lay-offs at the Capri and Granada plant in Cologne.

The Genk, Belgium, plant where Transit vans are made, is shut, and there have been lay-offs at the Antwerp tractor and the Amsterdam truck factories. Ford's Spanish works at Valencia is short of British carburettors, but is unlikely to run into major problems for a couple more weeks.

Men and Matters Page 20

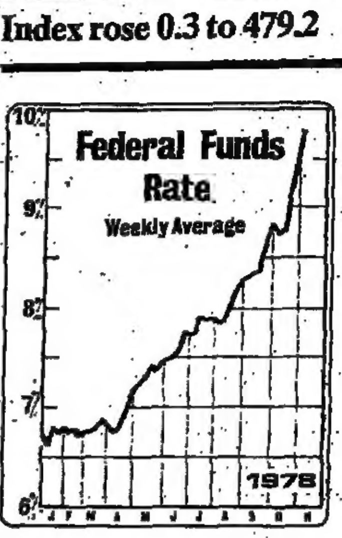
THE LEX COLUMN

Wall Street after the package

The U.S. economic package immediately produced turmoil in the world's financial markets yesterday. The measures were, of course, all about propping up the dollar and the initial success was considerable. Swiss bankers expressed unqualified approval for what they saw as the first real evidence of President Carter's determination to defend the value of the dollar. The U.S. currency rallied sharply—up 5½ cents against sterling, 5.7 per cent against the D-mark and 3.3 per cent against the yen.

Gold tumbled $15¼ to $227.0 an ounce (after touching $220), and in the Eurocurrency markets — where conditions were evidently chaotic—Eurodollar bonds rose sharply while "hard" currency issues lost ground. In Wall Street the question was whether the improvement in the dollar or the prospect of a domestic credit crunch and possible recession would dominate sentiment in the equity market. In the event, the optimists had the upper hand and prices immediately recovered Tuesday's losses. Bonds, too, were strong—although short term money rates were falling into line with the higher Discount Rate and the apparently increased Federal funds target.

Index rose 0.3 to 479.2



Monetary measures

President Carter has opted for a traditional package, with a few new ingredients. There is a barrage of monetary measures, but no fiscal tightening of the kind that might have eased the pressure on interest rates. The Federal budget deficit will remain disturbingly high for an economy which is working at close to full stretch. Prime rates yesterday hit 10¼ per cent, but it is far from certain that the peak has been reached. It is a matter for guesswork at what rate loan demand will be stifled, and there were those in New York last night who were talking about 12 per cent primes in the New Year.

Besides directly hoisting interest rates, the Fed has established a supplementary reserve requirement equal to 2 per cent of large time deposits—that is, certificates of deposit. This will make it more costly for banks to bid for funds in the domestic market, and will increase the incentive to tap Eurodollar sources. The effect could be to mop up some of the overseas surplus of dollars—the speculative "overhang"—although that in turn might have adverse consequences for the growth of the monetary aggregates.

Was the initial reaction by the U.S. equity market right? After a fall of over 100 points in the Dow Jones Index in less than three weeks share prices were desperately oversold, and eager to rebound on signs of Government action. The rally could go further. But this monetary squeeze can only work by choking off the growth of the private sector of the U.S. economy. Earnings projections and dividend prospects over the short term now look very much more uncertain. And the other side of the valley is not yet in sight—for there is no way of being sure when interest rates will pass the peak and start to decline. Meanwhile the yield gap between long bonds and equities is a good three points, considerably wider than a year ago. Of course foreign buyers might decide that yields of over 5 per cent are attractive if the dollar really is going to stabilise. But it is still hard to imagine that share prices are about to embark upon a sustained recovery.

In London, equities were dragged up on Wall Street's tail, and a fall of 8 points in the FT Industrial Index at 2 pm was more than erased by the close. Money market rates were edging higher, however, and gilts—more concerned with the Ford wage battle than anything else—lost up to three-quarters of a point. Today's decision about Minimum Lending Rate will be finely balanced, but in any event the clearing banks could easily justify an increase in their lending rate already.

Gold shares were the most spectacular victims of the U.S. measures in London: on an ex premium basis, the FT Gold Mines Index lost nearly a tenth on the day and prospective dividend yields of 25 per cent or more are now available to investors outside the UK. The fall in the bullion price looks less dramatic given the way that it had shot up in the preceding weeks, and chartists would not be too concerned if the price were to move closer to $200. By the turn of the year, the U.S. and the IMF will together be selling more gold than South Africa produces each month and to judge by the sheer reaction in the U.S. gold futures markets—where trading was suspended yesterday — the speculative play could be over for the time being.

$10bn bonanza

The outstanding innovation in the dollar defence package is the U.S. Government's intention to raise up to $10bn of foreign currency denominated securities. These would be the first such securities, within the memory of U.S. treasury officials, to be available to private sector investors. The small existing quantity of U.S. non dollar paper is in the hands of central banks and governments.

The Treasury would denominate this new paper in yen, Swiss francs and D-marks—though it would not necessarily issue in all of these and it is a fair bet that the D-mark would account for a large share. Treasury officials have not yet decided whether they would issue the paper through public issue or private placement. But their prime consideration is that it should not merely replace outstanding foreign currency issues from the U.S. private sector. This indicates the latter course.

The U.S. Government claims that it has cleared up the principle of the issues with the central banks, but it has not yet discussed the means, nor indeed the feasibility of presenting international investors with such a quantity of paper. It will not find itself short of advice. The projected $10bn total compares with a total of Eurobond issues in the first nine months of this year of just $11.2bn—down from $14bn in the same period of 1977. This is a business prospect that even heavyweights like Deutsche Bank or the big three in Switzerland must find tantalising.

British Oxygen faces threat of disruption as men reject 9%

BY NICK GARNETT, LABOUR STAFF

BRITISH OXYGEN'S gases division, whose products are crucial to manufacturing industry, faces the threat of industrial disruption following the breakdown of pay talks yesterday.

The company, in what it said was a final offer, marginally improved its previous guideline-breaching offer, to about 9 per cent for its 3,000 drivers and industrial gas cylinder handlers, but the men want 14 per cent.

Mass meetings at the division's 46 depots on Friday will be strongly recommended to reject the proposals. Mr. John Miller, the Transport and General Workers national secretary for chemicals indicated that if the men rejected the offer and the company refused to move from its position there would be industrial action: "We will have real trouble then," he said.

The company refused yesterday to reconstruct its previous offer of about 8 per cent so that increases in basic rates would be fully reflected in overtime earnings. It also linked the improvement in its offer to increased flexibility and productivity from the workforce, which considerably angered the union side.

Mr. Miller said that the company could afford to pay 14 per cent. Mr. John Wilcock, the division's leading negotiator said, however, that the offer was geared to the company's ability to pay. The company wanted to invest and continue its growth and that was why the offer was cast at that level.

The division's 1976-77 gross profit was £27.8m. The strike at the end of last year was estimated to have cost the company £5m.

Improvements in yesterday's offer involved the consolidation of an extra £1 into basic pay, with increases in shift and meal allowances.

Present average earnings for the division's manual workers, whose week averages 47 hours, is £93.42, excluding productivity bonuses. The new offer would make it £101.79.

Including productivity bonuses, average earnings are £98.42, and the offer would lift them to £106.79. The effect of the offer on the company's wage bill, including existing self-financing productivity payments, would be about 8.5 per cent.

Iranian airport workers ground flights

By Andrew Whitley

TEHRAN, Nov. 1.

Twenty-four hours after Iranian armed forces moved into the country's strikebound oilfields, air technicians, demanding the same as the oil workers, grounded all domestic and many international flights.

They also are calling for the end to martial law and the release of all political prisoners.

Their action, which began on Monday, will cause considerable disruption if flights are grounded for more than a few days.

The state-owned airline has a virtual monopoly on domestic air travel, flying to over 20 destinations in the country. A one-day strike by Iran Air last month, in support of pay demands, was quickly settled by the management.

Apart from acknowledging the military's action, the National Iranian Oil Company and the Government are maintaining their silence on the market consequences of the two-week old oil strike.

The official news agency, Pars, reported last night that "the supply and distribution of oil are normal." Observers here, however, regard the statement as simply an attempt to placate domestic fears that their own supplies of petrol and heating oil will be hit.

Clashes are reported to have taken place yesterday in Abadan, the site of Iran's large export refinery, between striking workers and security units.

In Ahwaz, the capital of the Khuzestan oil region, the military intervention appears to have hardened the strikers' resolve. No workers returned today, it is being claimed. The deadline given by the military is Saturday.

Patrick Cockburn adds: Oil production was maintained at Tuesday's level of 1½m barrels—a quarter of normal production, the Iran Oil Participants—the consortium of 14 Western oil companies controlling 90 per cent of Iranian production—has said.

The consortium's offtake last year was 3.21m barrels a day, while the National Iranian Oil Company's was 1.14m bd. NIOC's figures show that in 1977 Japan was the largest single importer of Iranian crude, taking 0.81m bd, while Western Europe took an average of 1.86m bd.

● In West Germany, Kraftwerk Union, the Siemens subsidiary, said that its plan to build four nuclear reactors in Iran is to be delayed.

Continued from Page 1

Callaghan

Party was more moderate than was the case.

The Government seemed likely last night to survive comfortably the divisions on the Queen's Speech debate next week and to continue in office next year.

The Government, with its allies, is in a minority of six against all Opposition parties, but measures in the Queen's Speech aimed particularly at the nationalists seem likely to have the desired effect.

The three Plaid Cymru MPs are likely to vote for the Government because of an unprecedented number of proposed Welsh measures in the programme. The 11 Scottish National Party MPs will make up their minds after seeking answers to questions affecting Scotland from Ministers and the Shadow Cabinet.

They are likely at least to abstain because of the pledge announced yesterday to hold referenda in Scotland and Wales on March 1, to take advantage of the new electoral register, which takes effect on February 16.

The Liberals are expected to vote against the Queen's Speech because of their stated desire for an early general election. Mr. David Steel, Liberal leader, said that the time had come for an election so that the new Parliament could tackle the country's problems.

John Elliott writes: Talks are in progress between the Government and the Confederation of British Industry about the operation of the proposed compensation for short-time working.

Sir John Methven, the confederation's director-general, said that four-fifths of employees are covered by guaranteed working week agreements. What was needed was a system of minimum standards for the others.

The trouble with the Government's plan was that it provided an "umbrella" covering industries with vastly different conditions.

Overall, Sir John was "delighted to see that the Government is continuing to direct its policy towards a reduction of inflation and unemployment."

Year's operating cost 'doubled in some North Sea oilfields'

BY SUE CAMERON

OPERATING COSTS for some North Sea oilfields have more than doubled in the past year, according to estimates by Wood Mackenzie, the Edinburgh stockbrokers.

In a report today, Wood Mackenzie puts the rise in estimated operating costs for the Heather Field at 220 per cent, for Fulmar at 156 per cent, Thistle 133 per cent, Piper 143 per cent, and Claymore 144 per cent. All these, except Fulmar, are producing oil.

"Cost estimates have continued to increase dramatically in the case of operating expenditures," the firm says, "now that several fields have been in production for over a year, more realistic estimates are possible, and increases of 100 per cent or even more over our previous estimates are common.

"It is only just over three years ago that the first North Sea oilfield came into production in the UK sector, and operators are only now beginning to get experience of operating major platforms and producing oil in the harsh conditions of the North Sea.

"This experience has been one of rapidly escalating costs, particularly in such areas as inspection and maintenance."

Wood Mackenzie stresses that many fields covered in its report are either not yet in production, or producing at lower rates than they will at peak output.

"It will therefore be some time before we have an accurate picture of North Sea operating costs."

But yesterday oil companies working in the North Sea did not take issue with the firm's figures. A total of 22 fields are listed in the Wood Mackenzie report, and 12 have already started production.

Estimated operating costs have risen for all 22 except the Argyll Field. In nine cases the rise is 100 per cent or more.

Even those which have risen by less than 100 per cent still show substantial increases in estimated operating costs. The figure for the Brent Field is 77 per cent, for Dunlin 83 per cent, Forties 65 per cent and Statfjord 95 per cent.

The report says estimated capital costs have risen on many fields, though these increases are not so dramatic.

The biggest is for the Statfjord Field, where estimated capital costs went up by 43 per cent. The report suggests that the main reason is that the estimated cost of the planned B platform "has risen sharply from around $1.5bn to around $2.1bn."

The Forties Field's estimated capital costs have gone up by 25 per cent, and those for Thistle by 30 per cent. Both have started production.

In nine cases estimated capital costs are up by less than 10 per cent, or have not changed.

Wood Mackenzie's estimated rates of return are lower for all fields it lists, except Argyll. That for the Brent is down from 25.3 per cent to 17.5 per cent; Claymore down 29 per cent to 18.4; Forties 42.5 per cent to 31.1; Ninian 22 per cent to 12.5; and Piper 49.1 per cent to 33.9.

Price Commission unhappy over profit safeguard rules

FINANCIAL TIMES REPORTER

A CLEAR indication that the Price Commission is unhappy with the profit safeguard provisions of the Price Code, which prevent it from taking action over price rise proposals from loss-making companies, came yesterday from Mr. Charles Williams, Commission chairman.

Prominent among present price-rise proposals to which the provisions apply is British Rail's planned 10 per cent fare increase due to take effect in January.

"I am being deluged with demands from all sorts of people that the Commission should step in and stop them," Mr. Williams said of the British Rail rises yesterday.

Speaking in London, he said: "The problem is the safeguard regulations. As they now stand, any firm that is making a loss is effectively entitled to any price moves it thinks fit until it comes back into profit."

Mr. Williams said the Commission had not taken a view on the British Rail application, made late last month. Full details were not yet known to the public, but "However frustrating it is, and whatever the Commission may think of the application, our hands are tied by the law."

The safeguard regulations were introduced after pressure from the Opposition and from industry when the new Commission was set up last year.

British Rail increased its fares in January by an average 15 per cent after a full-scale investigation by the Commission.

Mr. Roy Hattersley, the Prices Secretary, agreed after a meeting last month with the TUC to examine possible changes to the safeguard regulations.

No further details have emerged. But, the Government is seriously considering whether it could get the legislation necessary to abolish the safeguards through the Commons as a sweetener to the unions in its negotiations over pay restraint.

In talks with the Government, TUC leaders have called for a tightening-up of these provisions for loss-making companies. The TUC believes the regulations have severely limited the Commission's ability to freeze prices, and so make a real impact on inflation.

The Labour Party official paper, Labour Weekly, this week took up the call, and Mr. Hattersley may use Mr. Williams' remarks as further evidence of growing opposition to safeguards.

Continued from Page 1

Dollar

Commercial banks in the U.S. responded to this and recent moves to tighten credit by the Fed by raising their prime lending rates to 10½ per cent.

Economists were divided over the potential domestic economic impact of the policy proposals, though there was general agreement that it increased the likelihood of a recession next year, and made some slowing of growth inevitable.

So far as its impact on the dollar's fundamental problem is concerned, the package's credibility will depend on continuing evidence that the Federal Reserve Board is prepared to back up today's announcement with continuing efforts to curb monetary growth.

Elements of the package, including the sales of more gold, should give further impetus to the improving trend in the U.S. current account.

Weather

UK TODAY

RAIN or drizzle with hill fog; warm.

London, S.E., Cent. S., E., Cent. N. England, E. Anglia, Midlands, Channel Islands

Cloudy, occasional rain, hill fog. Max. 16C (61F).

S.W., NW., N.E. England, Wales, Lakes, Borders, Edinburgh, Dundee, Aberdeen

Occasional rain, hill fog, brighter later. Max. 16C (61F).

Isle of Man, Glasgow, Highlands, Orkney, Shetland, N. Ireland

Scattered showers, sunny intervals. Max. 14C (57F).

Outlook: Changeable, temperatures near normal.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amstrdm.	F	12	55	Lisbon	S	18	64
Athens	S	19	66	London	C	15	59
Barcelona	S	20	68	Luxemb'g	Fog	4	39
Beirut	S	23	73	Madrid	S	16	61
Belfast	F	11	52	Manchstr.	C	13	55
Belgrade	C	13	55	Milan	Fog	7	45
Berlin	F	11	52	Moscow	C	0	32
Birmnghm.	C	13	55	Munich	C	5	[illegible]
Bristol	C	15	59	Newcastle	C	9	48
Brussels	C	10	50	Oslo	C	10	50
Budapest	F	13	55	Paris	Fog	6	43
Cardiff	F	15	59	Prague	C	[illegible]	43
Cologne	S	11	52	Reykjavik	F	1	34
Copnhgn.	S	12	54	Rome	S	19	66
Dublin	F	13	55	Stockholm	S	12	54
Edinburgh	F	10	50	Strasbrg.	C	7	45
Frankfurt	S	8	46	Tel Aviv	S	23	73
Geneva	C	6	43	Vienna	F	10	50
Glasgow	C	9	48	Warsaw	C	11	52
Helsinki	C	7	45	Zurich	C	5	41

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	S	18	64	Las Plms.	S	23	73
Algiers	S	21	70	Istanbul	C	16	61
Biarritz	C	13	55	Locarno	S	13	55
Blackpool	F	12	54	Majorca	S	21	70
Bordeaux	C	11	52	Malaga	F	19	66
Boulogne	S	15	59	Malta	C	19	66
Casablnca	S	28	82	Naples	S	19	66
Corfu	F	18	64	Nice	S	18	64
Dubrovnik	S	17	63	Nicosia	S	22	72
Faro	F	21	70	Oporto	S	20	68
Florence	S	14	57	Rhodes	F	22	72
Funchal	F	23	73	Salzburg	C	8	46
Gibraltar	F	21	70	Tangier	F	23	73
Guernsey	C	15	59	Tenerife	S	18	64
Innsbruck	F	11	52	Tunis	S	20	68
Inverness	F	11	52	Valencia	F	19	66
I. of Man	C	13	55	Venice	S	15	59

C—Cloud. F—Fair. S—Sun.

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